



Disclaimer: This is a Japanese-English translation of the summary of financial statements of the Company produced for your convenience. Since no auditor audited this report, officially only the Japanese version is assumed to be the summary of financial statements of the Company. This summary does not constitute any guarantee and the Company will not compensate any losses and/or damage stemming from actions taken based on these statements. In the case that there is any discrepancy between the Japanese and English versions, the Japanese version is assumed to be correct.

## Consolidated Financial Results For the Fiscal Year Ended March 31, 2016 <Japanese GAAP>

May 9, 2016

Company Name: **NICHIAS Corporation**  
 Stock Exchange Listing: Tokyo Stock Exchange (Code number 5393)  
 URL: <http://www.nichias.co.jp>  
 Representative: Toshiyuki Takei, President and Chief Executive Officer  
 Inquiries: Masayuki Tomita, Director & Executive Officer  
 Phone: +81-3-4413-1111  
 Scheduled date of Ordinary General Meeting of Shareholders: June 29, 2016  
 Scheduled date of filing the consolidated financial statements: June 29, 2016  
 Supplementary materials for financial results: Available  
 Organization of financial results briefing: Yes (for institutional investors and analysts)  
 Scheduled date of commencement of dividend payment: June 30, 2016

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

### 1. Consolidated financial results for the year ended March 31, 2016 (April 1, 2015 to March 31, 2016)

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

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent company	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended March 31, 2016	170,430	7.2	15,104	31.4	15,480	19.9	6,669	(11.5)
Fiscal year ended March 31, 2015	158,939	8.0	11,490	12.5	12,913	16.8	7,532	19.2

Note: Comprehensive income

Fiscal year ended March 31, 2016..... ¥1,894 million ..... (83.9)%

Fiscal year ended March 31, 2015..... ¥11,801 million .....42.3%

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary income on total assets	Operating income on net sales
	Yen	Yen	%	%	%
Fiscal year ended March 31, 2016	51.88	48.55	8.2	10.0	8.9
Fiscal year ended March 31, 2015	62.84	54.77	10.4	8.7	7.2

(Reference) Equity in earnings (losses) of affiliates

Fiscal year ended March 31, 2016..... ¥66 million

Fiscal year ended March 31, 2015..... ¥(0) million

#### (2) Financial status

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2016	154,922	85,665	54.8	639.55
As of March 31, 2015	156,234	78,893	50.0	647.36

(Reference) Shareholders' equity

Fiscal year ended March 31, 2016..... ¥84,879 million

Fiscal year ended March 31, 2015..... ¥78,132 million

## (3) Cash flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of fiscal year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended March 31, 2016	13,424	(4,443)	(3,717)	19,800
Fiscal year ended March 31, 2015	8,571	(4,115)	(1,556)	14,460

## 2. Dividends

	Annual dividends					Annual dividend amount	Dividend payout ratio	Dividend on net assets
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Annual total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2015	—	8.00	—	9.00	17.00	2,048	27.1	2.8
Fiscal year ended March 31, 2016	—	9.00	—	12.00	21.00	2,777	40.5	3.3
Fiscal year ending March 31, 2017 (Forecast)	—	11.00		11.00	22.00		28.6	

Note: Breakdown of year-end dividends for fiscal year ended on March 31, 2016

¥9 ordinary dividend and ¥3 commemorative dividend

## 3. Forecast of consolidated financial results for the year ending March 31, 2017 (April 1, 2016 to March 31, 2017)

(Percentages represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent company		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half	84,400	3.8	7,100	5.8	7,200	1.2	4,600	2.2	34.66
Full year	175,000	2.7	15,500	2.6	15,800	2.1	10,200	52.9	76.85

## \*Notes

(1) Changes in significant subsidiaries during the period under review (Changes in specific subsidiaries accompanying changes in the scope of consolidation): None

(2) 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

(3) Number of shares outstanding (ordinary shares)

1) Number of shares outstanding at the end of the year (including treasury stock)

As of March 31, 2016	132,804,711 shares	As of March 31, 2015	125,057,344 shares
----------------------	--------------------	----------------------	--------------------

2) Number of shares of treasury stock at the end of the year

As of March 31, 2016	87,112 shares	As of March 31, 2015	4,364,774 shares
----------------------	---------------	----------------------	------------------

3) Average number of shares outstanding during the year

As of March 31, 2016	128,569,967 shares	As of March 31, 2016	119,866,607 shares
----------------------	--------------------	----------------------	--------------------

## \*Presentation of present status of audit procedures

This summary of consolidated financial results is not subject to audit procedures based on the Financial Instrument and Exchange Act. As of the date when this summary was disclosed, the audit procedures on the consolidated financial statements were in progress.

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

Forward-looking statements concerning financial forecasts contained in these materials are based on information available to the Company when the forecasts were made and certain assumptions judged to be reasonable. 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.

Please refer to “1. Analysis of financial results and financial status (1) Analysis of financial result (Outlook for fiscal year 2017)” on page 2 for information concerning financial forecasts such as the assumptions used for financial forecasts and factors that could cause these assumptions to change.

○ Appendix table of contents

1. Analysis of financial results and financial status .....	2
(1) Analysis of financial results .....	2
(2) Analysis of financial status .....	3
(3) Policies for distribution of profit and dividends for fiscal 2015 and 2016 .....	4
(4) Risk factors .....	4
2. Current status of the Group .....	7
3. Management policies .....	8
(1) The Group's basic management policy .....	8
(2) Target management indicators .....	8
(3) Company's medium- and long-term management strategies and issues to be addressed .....	8
4. Basic stance towards the selection of accounting standards .....	9
5. Consolidated financial statements .....	10
(1) Consolidated balance sheets .....	10
(2) Consolidated statements of income and consolidated statements of comprehensive income .....	12
(3) Consolidated statements of changes in shareholders' equity .....	15
(4) Consolidated statements of cash flows .....	19
(5) Notes to consolidated financial statements .....	21
(Segment information) .....	21
(Per share information) .....	25
(Significant subsequent events) .....	26
6. Other .....	27
(1) Status of production, orders, and sales .....	27
7. Supplementary materials .....	28

## 1. Analysis of financial results and financial status

### (1) Analysis of financial results

#### (Overview of fiscal year 2016 results)

During the fiscal year under review (April 1, 2015 to March 31, 2016), despite some signs of weakness, the Japanese economy has continued to make a modest recovery as a result of improvements in corporate earnings and the employment environment. However, conditions remain uncertain overseas as the global economy underperforms due to a slowdown in China's economy and unstable geopolitical situations.

In this environment, sales increased in the Advanced Products Division due to restored demand for products for semiconductor manufacturing devices and in the Autoparts Division, which benefited from solid overseas demand. As a result, NICHIAS Group sales increased 7.2% year on year to ¥170,430 million.

In terms of profits, operating income increased 31.4% year on year to ¥15,104 million and ordinary income rose 19.9% to ¥15,480 million. However, Kimitsu Rockwool Corporation posted a ¥3,111 million impairment loss on fixed assets as an extraordinary loss in the current consolidated fiscal year, and as a result net income attributable to owners of the parent company fell 11.5% over the previous consolidated fiscal year to ¥6,669 million.

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

Sales in the **Energy and Industrial Plants Division** increased 6.9% year on year to ¥51,453 million, due to an increase in construction work.

Sales in the **Industrial Products Division** increased 7.0% year on year to ¥40,836 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 9.9% year on year to ¥15,509 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 12.2% year on year to ¥35,533 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 slightly year on year to ¥27,097 million. This was due to the contribution to sales made by the completion of construction projects such as fire-proofing covering materials.

#### (Outlook for fiscal year 2017)

Our performance is expected to remain solid in the Industrial Products Division, and Autoparts Division and demand is expected to increase for the Building Materials Division.

In consideration of these conditions, the outlook for fiscal year ending March 31, 2017 is as follows.

Net sales of ¥175,000 million (up 2.7% year on year), operating income of ¥15,500 million (up 2.6% year on year), ordinary income of ¥15,800 million (up 2.1% year on year), and net income attributable to owners of parent of ¥10,200 million (up 52.9% year on year) are expected.

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

## (2) Analysis of financial status

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

Total assets at the end of the current fiscal year were ¥154,922 million, down ¥1,311 million over the end of the previous fiscal year. Although cash and deposits increased ¥5,447 million, machinery, equipment and vehicles (net) decreased ¥3,119 million and net defined benefit assets fell ¥3,080 million.

Liabilities at the end of the current fiscal year were ¥69,256 million, down ¥8,083 million over the end of the previous fiscal year. This was the result of a ¥6,655 million decrease in bonds with subscription rights to shares and a ¥3.2 billion reduction in long-term loans payable, offsetting the ¥2,241 million increase in short-term loans payable.

Net assets at the end of the current fiscal year were ¥85,665 million, up ¥6,771 million compared to the end of the previous year. This can be attributed to a ¥3,189 million decrease in remeasurements of defined benefit plans and other factors, which offset the ¥2,137 million increase in capital stock, ¥3,064 million in capital surplus, and ¥4,638 million in retained earnings.

### 2) Cash flows

Cash and cash equivalents at the end of the fiscal year (hereinafter, “cash”) increased by 5,339 million year on year to ¥19,800 million. 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 ¥13,424 million (compared to receipts of ¥8,571 million year on year).

This was due to inflows in cash that included ¥12,274 million in income before income taxes and ¥4,598 million in depreciation and amortization, which outweighed outflows of cash that included ¥4,742 million in income taxes paid and ¥879 million in inventories.

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

Net cash used in investing activities was ¥4,443 million (compared to expenditures of ¥4,115 million year on year).

This was due to outflows of cash that included ¥4,070 million used for purchase of property, plant and equipment.

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

Net cash used in financing activities was ¥3,717 million (compared to expenditures of ¥1,556 million year on year).

This was due to outflows of cash, including ¥2,271 million in dividend payments and ¥675 million for the repayment of long-term borrowings.

(Reference) Consolidated cash flow indicators

	Fiscal year 2012	Fiscal year 2013	Fiscal year 2014	Fiscal year 2015	Fiscal year 2016
Equity ratio	43.2	45.3	47.6	50.0	54.8
Shareholders' equity ratio on a market value basis	43.5	48.9	56.0	53.5	57.7
Ratio of interest-bearing debt to cash flows	5.3	3.3	7.3	3.9	1.9
Interest coverage ratio	12.7	28.6	15.4	40.1	70.3

(Reference) The indicators above were calculated according to the following formulas based on consolidated financial figures.

Shareholders' equity ratio (%):  $\text{shareholders' equity} / \text{total assets} \times 100$

Shareholders' equity ratio on a market value basis (%):  $\text{market capitalization} / \text{total assets} \times 100$

Ratio of interest-bearing debt to cash flows (years):  $\text{interest-bearing debt} / \text{operating cash flows}$

Interest coverage ratio (times):  $\text{operating cash flows} / \text{interest payments}$

- Market capitalization is calculated by multiplying the stock price at the end of the fiscal year by the number of outstanding shares at the end of the fiscal year excluding treasury stock.
- Interest-bearing debt refers to the entire balance of liabilities carried on the consolidated balance sheets on which interest is paid.
- For operating cash flows and interest payments, "net cash provided by (used in) operating activities" and "interest expenses paid" as stated in the consolidated statements of cash flows are used.

(3) Policies for distribution of profit and dividends for fiscal 2015 and 2016

In addition to strengthening the management base in order to enhance earnings power, the basic policy of the NICHIAS Group with respect to the distribution of profits is to strive for the long-term and appropriate return of profits to shareholders by expanding the level of such profits available as dividends and increasing shareholder value, while retaining sufficient reserves for reinvestment.

Guided by this basic policy, the decision to pay dividends is made after careful consideration of a range of factors that include the availability of capital investment funds and investment in R&D to support future business development. In finalizing this decision, emphasis is given to profit levels for the fiscal year, financial status, and the outlook for future business performance.

In the "Establishment of the Medium-term Business Plan" released today, the NICHIAS Group sets a dividend payout ratio of about 25-35% as its target to return profits to shareholders.

Based on this policy, the Company will pay interim dividends of ¥9 per share and a year-end dividend of ¥12 per share, including a commemorative dividend.

In terms of dividends for fiscal 2017, although an annual dividend of ¥22 per share have been planned, a final decision will be made after careful consideration is given to the Company's financial status and business performance next fiscal year.

(4) Risk factors

This section reviews matters that are believed likely to have a material effect on the decisions of investors. Note that matters related to future developments that are mentioned in this section are judgments of the Group that were made at the end of the fiscal year under review.

□ Business and economic fluctuation risk

The Group conducts manufacture and sales of sealing materials such as gaskets and

packing; manufacture and sales of varieties of inorganic insulation materials using mainly rock wool and ceramic fibers; manufacture and sales of corrosion-resistant materials and machine parts using high-performance resin polymer such as fluoropolymer; manufacture and sales of autoparts including sealing materials for engines and engine peripherals and parts with thermal insulation and soundproofing attributes; manufacture and sales of non-combustible building materials centered on calcium silicate boards and insulation materials; and industrial thermal insulation work for energy, gas, petroleum refining and petrochemicals plants and free-access floor work. The Group's customers comprise a wide range of industries, including petroleum, petrochemical, chemical, steel, electricity, gas, automotive, semiconductor, and construction.

In this manner, the Group is reliant on industry-wide capital expenditure trends, corrosion-resistant materials are reliant on semiconductor demand trends, autoparts are reliant on production and unit sales trends in the automotive industry, and building materials are reliant on residential and building construction trends. Accordingly, the Group could ultimately be affected by business and economic fluctuations both overseas and in Japan.

□ Overseas business risk

The Group conducts business in Asia and other locations overseas. In its business overseas, the Group is exposed to the risk of the occurrence of unfavorable economic factors and political turbulence, such as unpredictable changes in laws and regulations or drastic changes in financial conditions. If these types of risk were to manifest themselves it would interfere with the Group's business overseas, and this could affect the Group's business performance and financial status.

□ Receivables management risk

The Group holds receivables from its clients that include accounts and notes receivable. Although the Group always pays sufficient attention to credit management, recovery risk could manifest itself in some situations.

□ Retirement benefits obligation risk

The Group could incur losses if the market value of its pension assets dropped, investment returns on its pension assets fell, or if there were changes in the actuarial assumptions used to calculate the projected benefit obligations.

□ Product quality maintenance risk

Although the Group manufactures products based on the international quality assurance standard ISO 9001 at each of its manufacturing bases, there is no guarantee that all of its products will be free from defects and that there will be no complaints from customers in the future. Product defects could have an impact on the Group's reputation and as a result affect the Group's business performance and financial status.

□ Disaster risk

The Group has multiple production bases both overseas and in Japan, and the Group's business performance and financial position could be affected if a natural disaster such as an earthquake were to damage one of these production bases and cause problems with business operations.

□ Risk of compensation being payable to sufferers of health problems due to asbestos

NICHIAS Corporation and some of its domestic subsidiaries have paid compensation in



accordance with in-house regulations to employees and former employees who have died or received medical treatment in response to asbestos-related diseases caused by the Group. In addition, NICHIAS Corporation and some of its domestic subsidiaries have paid financial compensation to neighboring citizens for cases in which certain standards have been fulfilled. It is possible that the Group could continue to be required to make compensation payments to sufferers of health problems relating to asbestos in the future.

## 2. Current status of the Group

The Group is composed of NICHIAS Corporation, 52 subsidiaries, and 11 affiliates. The Group's five reporting segments are Energy and Industrial Plants, Industrial Products, Advanced Products, Autoparts, and Building Materials.

The nature of the businesses of these companies, the position of NICHIAS Corporation, subsidiaries, and affiliates within the Group's business, and the relationship with the Group's reporting segments are displayed below. The classifications shown below are identical to the reporting segments.

Business category		Major companies
Energy and Industrial Plants	Domestic	NICHIAS Corporation, NICHIAS ENGINEERING SERVICE CO., LTD., NIPPON THERMAL ENGINEERING CORPORATION, NICHIAS KANTO SALES CORPORATION, INOCRETE CO., LTD.
	Overseas	THAI NICHIAS ENGINEERING CO., LTD.
Industrial Products	Domestic	NICHIAS Corporation, FUKUSHIMA NICHIAS CORPORATION, KOKUBU INDUSTRIAL CO., LTD, NICHIAS CERATECH CORPORATION, TATSUTA KOGYO CO., LTD., TOKYO MATERIALS CORPORATION, NIPPON ROCKWOOL CORPORATION, SAKAI NICHIAS CORPORATION, NISHI-NIPPON NICHIAS CORPORATION
	Overseas	NICHIAS SINGAPORE PTE. LTD., NICHIAS FGS SDN. BHD., PT.NICHIAS ROCKWOOL INDONESIA, PT.NICHIAS METALWORKS INDONESIA, PT.NICHIAS SUNIJAYA, NT RUBBER-SEALS SDN.BHD., NICHIAS HAIPHONG CO., LTD., SUZHOU NICHIAS INDUSTRIAL PRODUCTS CO., LTD. NICHIAS (SHANGHAI) TRADING CO.,LTD.
Advanced Products	Domestic	NICHIAS Corporation, FUKUSHIMA NICHIAS CORPORATION, NICHIAS CERATECH CORPORATION, TATSUTA KOGYO CO., LTD., KUMAMOTO NICHIAS CORPORATION
Autoparts	Domestic	NICHIAS Corporation, METAKOTE INDUSTRY CORPORATION, FUKUSHIMA NICHIAS CORPORATION, KOKUBU INDUSTRIAL CO., LTD, TATSUTA KOGYO CO., LTD.
	Overseas	NICHIAS FGS SDN.BHD., PT.NICHIAS ROCKWOOL INDONESIA, PT.NICHIAS SUNIJAYA, SUZHOU NICHIAS INDUSTRIAL PRODUCTS CO., LTD. NICHIAS (THAILAND) CO., LTD., NICHIAS AUTOPARTS EUROPE a.s., NICHIAS (SHANGHAI) AUTOPARTS TRADING CO.,LTD., NAX MFG,S.A. DE C.V.
Building Materials	Domestic	NICHIAS Corporation, NICHIAS CERATECH CORPORATION, TATSUTA KOGYO CO., LTD., NIPPON ROCKWOOL CORPORATION, KIMITSU ROCKWOOL CORPORATION, NICHIAS CEMCRETE COPORATION
	Overseas	NICHIAS FGS SDN.BHD., PT.NICHIAS METALWORKS INDONESIA, PT.NICHIAS SUNIJAYA

### 3. Management policies

#### (1) The Group's basic management policy

The NICHIAS Group got its start in 1896 as a pioneer in Japan's heating and insulation industry, and has achieved its growth by supplying products and services based on its insulation and protection technologies to a range of industrial sectors. The Group established the NICHAS Philosophy in 2011.

#### The NICHIAS Philosophy

NICHIAS contributes to the Earth's bright future through our Insulation and Protection technologies.

Under the specific action guidelines of "improving communications within the organization," "working more cooperatively with other employees," and "thinking about what is best for the entire organization," the Group manages its business based on the following three "Our Promises."

- ☐ We will abide by community standards and work together with the communities we serve.
- ☐ We will strive for customer satisfaction while never forgetting a sense of gratitude.
- ☐ We will believe in mutual trust and continue to grow together.

#### (2) Target management indicators

Under the NICHIAS Philosophy, the Group established its medium-term management plan in fiscal 2016 and set the following management targets to achieve its goal of becoming "a company trusted by customers where people can work with pride."

##### 1) Pursue further business growth and profitability

- Sales target of ¥190 billion and operating income target of ¥18 billion for fiscal year 2018

##### 2) Manage operations with a focus on improvements and efficiency

- Maintain ROE over 10%

#### (3) Company's medium- and long-term management strategies and issues to be addressed

The Group will implement measures based on the following five basic guidelines to achieve its management vision.

##### ☐ Rigorous enforcement of compliance

We will rigorously enforce compliance so that the NICHIAS Group can achieve stable growth. Specifically, guided by our compliance program and spearheaded by the Compliance Committee through cooperation with subcommittees and the labor union at each of the Group's business sites, we will take steps to assess the status of legal compliance and focus on increasing compliance awareness among employees.

##### ☐ Improvement of corporate value and the provision of value to stakeholders

To provide products and services that customers can use with peace of mind, the NICHIAS Group has paid careful attention to safety and the environment in its manufacturing activities, while further reinforcing research and development, production technologies, facilities technologies, and technical services. The Group will continue to develop these activities in

an aim to improve corporate value and share value with stakeholders.

□ Advancement of global business operations

The Group has expanded its business overseas through its production and sales bases in order to supply products to companies in Japan and Japanese-affiliated companies overseas. In the future, the Group will expand its global business operations so as to provide services to customers in even larger global markets.

□ Promotion and development of personnel to lead the way into the future

To ensure future growth and development, the NICHIAS Group will conduct personnel development aimed at nurturing the next generation of executive managers, while actively promoting mid-career employees as well. The Group will also further enhance systems to support the growth of Group employees as a company.

□ Strengthening risk management

Based on the lessons learned in past earthquakes, the Group will strengthen its risk management system throughout the entire organization so that it can continue operations even in the event of major earthquakes and other natural disasters.

Based on the above basic guidelines, the Group will implement its business strategies and various measures based on its fundamental function strategy to achieve its medium-term management plan.

4. Basic stance towards the selection of accounting standards

The NICHIAS Group prepares its consolidated financial statements based on J-GAAP to ensure that consolidated financial statements can be compared across time. In terms of the application of IFRS, an appropriate response will be made after considering circumstances in Japan and overseas.

5. Consolidated financial statements  
(1) Consolidated balance sheets

(Millions of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Assets		
Current assets		
Cash and deposits	14,905	20,352
Notes and accounts receivable–trade	38,521	37,889
Accounts receivable from completed construction contracts	15,420	16,453
Merchandise and finished goods	9,772	9,345
Work in process	1,371	1,341
Raw materials and supplies	5,779	6,018
Costs on uncompleted construction contracts	3,634	4,680
Deferred tax assets	1,654	1,708
Other	2,674	2,245
Allowance for doubtful accounts	(14)	(13)
Total current assets	93,719	100,022
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	41,282	42,424
Accumulated depreciation and impairment loss	(26,984)	(28,589)
Buildings and structures, net	14,298	13,835
Machinery, equipment and vehicles	65,325	64,697
Accumulated depreciation and impairment loss	(55,747)	(58,238)
Machinery, equipment and vehicles, net	9,577	6,458
Land	13,514	13,647
Lease assets	288	370
Accumulated depreciation	(143)	(216)
Lease assets, net	145	153
Construction in progress	758	1,304
Other	7,239	7,573
Accumulated depreciation and impairment loss	(6,645)	(6,999)
Other, net	593	573
Total property, plant and equipment	38,889	35,972
Intangible assets		
Software	1,896	1,557
Other	998	436
Total intangible assets	2,894	1,993
Investments and other assets		
Investment securities	13,386	12,535
Long-term loans receivable	148	22
Net defined benefit asset	3,355	274
Deferred tax assets	462	584
Other	3,449	3,554
Allowance for doubtful accounts	(71)	(38)
Total investments and other assets	20,730	16,933
Total noncurrent assets	62,514	54,899
Total assets	156,234	154,922

(Millions of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable–trade	24,776	25,878
Current portion of bonds	450	—
Short-term loans payable	11,956	14,197
Lease obligations	66	68
Accounts payable–other	4,754	4,416
Income taxes payable	2,449	2,593
Advances received on uncompleted construction contracts	867	659
Provision for bonuses	2,239	2,398
Other	2,947	2,563
Total current liabilities	50,507	52,775
Noncurrent liabilities		
Bonds payable	8,000	8,000
Bonds with subscription rights to shares	9,230	2,575
Long-term loans payable	3,500	300
Lease obligations	91	107
Deferred tax liabilities	1,807	937
Net defined benefit liability	3,172	3,415
Other	1,031	1,146
Total noncurrent liabilities	26,832	16,481
Total liabilities	77,340	69,256
<b>Net assets</b>		
Shareholders' equity		
Capital stock	9,283	11,421
Capital surplus	10,249	13,314
Retained Earnings	53,642	58,281
Treasury stock	(1,455)	(33)
Total shareholders' equity	71,720	82,982
Total other cumulative comprehensive income		
Valuation difference on available-for-sale securities	4,768	4,606
Foreign currency translation adjustment	1,527	363
Remeasurements of defined benefit plans	115	(3,073)
Total other cumulative comprehensive income	6,411	1,896
Non-controlling interests	761	786
Total net assets	78,893	85,665
Total liabilities and net assets	156,234	154,922

(2) Consolidated statements of income and consolidated statements of comprehensive income  
Consolidated Statements of Income

(Millions of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Net sales		
Net sales of merchandise and finished goods	112,885	121,052
Net sales of completed construction contracts	46,053	49,377
Total net sales	158,939	170,430
Cost of sales		
Cost of merchandise and finished goods sold	84,548	89,189
Cost of sales of completed construction contracts	39,981	42,082
Total cost of sales	124,529	131,271
Gross profit	34,409	39,158
Selling, general and administrative expenses		
Selling expenses	7,186	7,793
General and administrative expenses	15,732	16,260
Total selling, general and administrative expenses	22,919	24,054
Operating income	11,490	15,104
Non-operating income		
Interest income	159	50
Dividends income	440	299
Foreign exchange gains	759	—
Rent income	311	284
Equity in earnings of affiliates	—	66
Other	235	327
Total non-operating income	1,906	1,028
Non-operating expenses		
Interest expenses	212	192
Foreign exchange gains	—	218
Cost of lease revenue	72	79
Equity in earnings of affiliates	0	—
Special contribution for asbestos	43	43
Bond issuance cost	24	—
Other	130	117
Total non-operating expenses	483	651
Ordinary income	12,913	15,480
Extraordinary income		
Gain on liquidation of subsidiaries	41	35
Subsidy income	379	—
Gain on sales of noncurrent assets	13	5
Gain on sales of investment securities	50	—
Total extraordinary income	484	40

(Millions of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Extraordinary loss		
Loss on reduction of noncurrent assets	329	—
Dismantling and removal costs	428	—
Loss on sales and retirement of noncurrent assets	81	134
Impairment loss	298	3,111
Total extraordinary losses	1,137	3,246
Income before income taxes	12,260	12,274
Income taxes—current	4,194	4,867
Income taxes—deferred	480	661
Total income taxes	4,674	5,529
Net income	7,585	6,744
Net income attributable to non-controlling interests	53	74
Net income attributable to owners of parent company	7,532	6,669



Consolidated comprehensive income statements

(Millions of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Net income	7,585	6,744
Other comprehensive income		
Valuation difference on available-for-sale securities	1,739	(161)
Foreign currency translation adjustment	1,315	(1,478)
Remeasurements of defined benefit plans	1,160	(3,209)
Total other comprehensive income	4,215	(4,849)
Comprehensive income	11,801	1,894
Breakdown		
Comprehensive income attributable to owners of the parent company	11,721	1,865
Comprehensive income attributable to minority interests	79	29

## (3) Consolidated statements of changes in shareholders' equity

Fiscal year ended March 31, 2015

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained Earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the current period	9,283	9,932	47,812	(1,792)	65,236
Cumulative effect of changes in accounting policies			(84)		(84)
Restated balance at the beginning of the current period	9,283	9,932	47,727	(1,792)	65,151
Changes of items during the period					
Issuance of new shares (exercise of new stock acquisition rights)					—
Changes in ownership interests in parent company related to transactions with non-controlling interests					—
Dividends from surplus			(1,918)		(1,918)
Change of scope of consolidation			300		300
Change of scope of consolidation—foreign currency translation					—
Net income attributable to owners of parent company			7,532		7,532
Purchase of treasury stock				(116)	(116)
Disposal of treasury stock		316		454	771
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	316	5,914	337	6,568
Balance at the end of the current period	9,283	10,249	53,642	(1,455)	71,720

	Total other cumulative comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total other cumulative comprehensive income		
Balance at the beginning of current period	3,024	60	(1,044)	2,040	679	67,956
Cumulative effect of changes in accounting policies						(84)
Restated balance at the beginning of the current period	3,024	60	(1,044)	2,040	679	67,871
Changes of items during the period						
Issuance of new shares (exercise of new stock acquisition rights)						—
Changes in ownership interests in parent company related to transactions with non-controlling interests						—
Dividends from surplus						(1,918)
Change of scope of consolidation						300
Change of scope of consolidation—foreign currency translation		182		182		182
Net income attributable to owners of parent company						7,532
Purchase of treasury stock						(116)
Disposal of treasury stock						771
Net changes of items other than shareholders' equity	1,743	1,284	1,160	4,189	82	4,271
Total changes of items during the period	1,743	1,466	1,160	4,371	82	11,022
Balance at the end of the current period	4,768	1,527	115	6,411	761	78,893

Fiscal year ended March 31, 2016

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained Earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	9,283	10,249	53,642	(1,455)	71,720
Cumulative effect of changes in accounting policies					—
Restated balance at the beginning of the current period	9,283	10,249	53,642	(1,455)	71,720
Changes of items during the period					
Issuance of new shares (exercise of new stock acquisition rights)	2,137	2,137			4,275
Changes in ownership interests in parent company related to transactions with non-controlling interests		(4)			(4)
Dividends from surplus			(2,271)		(2,271)
Change of scope of consolidation			239		239
Change of scope of consolidation—foreign currency translation					—
Net income attributable to owners of parent company			6,669		6,669
Purchase of treasury stock				(26)	(26)
Disposal of treasury stock		931		1,448	2,380
Net changes of items other than shareholders' equity					
Total changes of items during the period	2,137	3,064	4,638	1,421	11,262
Balance at the end of the current period	11,421	13,314	58,281	(33)	82,982

	Total other cumulative comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total other cumulative comprehensive income		
Balance at the beginning of current period	4,768	1,527	115	6,411	761	78,893
Cumulative effect of changes in accounting policies						—
Restated balance at the beginning of the current period	4,768	1,527	115	6,411	761	78,893
Changes of items during the period						
Issuance of new shares (exercise of new stock acquisition rights)						4,275
Changes in ownership interests in parent company related to transactions with non-controlling interests						(4)
Dividends from surplus						(2,271)
Change of scope of consolidation						239
Change of scope of consolidation—foreign currency translation		288		288		288
Net income attributable to owners of parent company						6,669
Purchase of treasury stock						(26)
Disposal of treasury stock						2,380
Net changes of items other than shareholders' equity	(161)	(1,452)	(3,189)	(4,804)	24	(4,779)
Total changes of items during the period	(161)	(1,164)	(3,189)	(4,515)	24	6,771
Balance at the end of the current period	4,606	363	(3,073)	1,896	786	85,665

## (4) Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Net cash provided by (used in) operating activities		
Income before income taxes	12,260	12,274
Depreciation and amortization	4,659	4,598
Impairment loss	298	3,111
Loss (gain) on sales of property, plant and equipment	(8)	(5)
Loss on abandonment of property, plant and equipment	55	112
Increase (decrease) in allowance for doubtful accounts	(76)	(31)
Increase (decrease) in net defined benefit liability	298	241
Increase (decrease) in provision for bonuses	202	159
Interest and dividends income received	(599)	(349)
Interest expenses	212	192
Foreign exchange losses (gains)	(84)	100
Decrease (increase) in notes and accounts receivable—trade	(4,508)	112
Decrease (increase) in inventories	(2,294)	(879)
Increase (decrease) in notes and accounts payable—trade	353	550
Decrease (increase) in accounts receivable—other	148	30
Increase (decrease) in accounts payable—other	444	(568)
Increase (decrease) in advances received on uncompleted construction contracts	574	(202)
Loss on reduction of noncurrent assets	329	—
Dismantling and removal costs	428	—
Subsidy income	(379)	—
Loss (gain) on liquidation of subsidiaries	(41)	(35)
Decrease (increase) in retirement benefit obligations	(2,591)	3,080
Other	1,805	(4,483)
Subtotal	11,486	18,008
Interest and dividends income received	479	349
Interest expenses paid	(213)	(190)
Proceeds from subsidy income	379	—
Income taxes paid	(3,569)	(4,742)
Income taxes refund	9	0
Net cash provided by (used in) operating activities	8,571	13,424
Net cash provided by (used in) investing activities		
Net decrease (increase) in time deposits	(33)	(133)
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	(3,355)	(4,070)
Proceeds from sales of property, plant and equipment	58	8
Purchase of intangible assets	(185)	(198)
Purchase of investment securities	(251)	(3)
Payments of loans receivable	(260)	(133)
Collection of loans receivable	327	185

(Millions of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Other	(348)	(79)
Net cash provided by (used in) investing activities	(4,115)	(4,443)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	1,948	(506)
Proceeds from long-term loans payable	—	300
Repayment of long-term loans payable	(500)	(675)
Proceeds from issuance of bonds	5,000	—
Expenditures on redemption of bonds	(5,900)	(450)
Repayments of lease obligations	(69)	(80)
Net decrease (increase) in treasury stock	(115)	(26)
Cash dividends paid	(1,921)	(2,271)
Cash dividends paid to non-controlling shareholders	(7)	(9)
Proceeds from the sale of subsidiary shares not accompanying changes in the scope of consolidation	—	1
Proceeds from share issuance to non-controlling shareholders	10	—
Net cash provided by (used in) financing activities	(1,556)	(3,717)
Effect of exchange rate change on cash and cash equivalents	157	(309)
Net increase (decrease) in cash and cash equivalents	3,057	4,954
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	14,460	19,800

(5) Notes to Consolidated Financial Statements  
(Segment information)

1. Overview of reporting segments

(1) Method of determining reporting segments

The Group's reporting segments are components of the Group for which separate financial information is available, and that are evaluated regularly by decision-making bodies such as the board of directors in order to determine the allocation of resources and in assessing performance.

The Group consists of multiple business divisions in different markets, with each division conducting business based on comprehensive strategies formulated for the products and services they handle both in Japan and overseas.

Accordingly, the Group is composed of segments based on these business divisions. The five reporting segments are Energy and Industrial Plants, Industrial Products, Advanced Products, Autoparts, and Building Materials.

(2) Types of products and services included in each reporting segment

The main businesses of each reporting segment are as follows.

Name of segment	Main businesses
Energy and Industrial Plants	Design, installation work, and maintenance of thermal insulation, cryogenic insulation, fireproofing, soundproofing, and disaster prevention work for plants in industries including power, petroleum, petrochemicals, etc. Sales of sealing materials (gaskets and packing), thermal insulation materials made of inorganic fiber, and fluoropolymer products for plant facilities in petroleum and petrochemicals industries
Industrial Products	Manufacturing and sales of sealing materials (gaskets and packing), inorganic fiber insulating material, fluoropolymer molding materials and processed goods, anticorrosive lining materials, and honeycomb filters for a broad range of industries including power, gas, steel, environment, medical, and food.
Advanced Products	Manufacturing and sales of fluoropolymer products, inorganic fiber insulating materials, honeycomb filters, and sealing materials for semiconductor and LCD manufacturing equipment
Autoparts	Manufacturing and sales of autoparts including sealing materials for engines and engine peripherals, and parts with thermal insulation, soundproofing and vibration control attributes
Building Materials	Manufacturing and sales of non-combustible interior & decorative boards composed mainly of calcium silicate, non-combustible building materials such as residential insulation with rock wool as the base material, and insulating materials; construction of fireproofing protection with non-combustible building materials for office buildings, etc.; and design and installation work of free-access floors with various floor materials.

(3) Changes in reportable segments

As of April 1, 2015, part of the Company's organization has moved from the Industrial Products Division to the Energy and Industrial Plants Division. As a result of this organizational change, the organization included in "Industrial Products" has been changed to "Energy and Industrial Plants."

Segment information for the previous fiscal year was prepared using the revised classifications, and is noted in "3. Information on net sales, income (loss), assets, liabilities and other items by reporting segment" for the previous fiscal year.

2. The methods of calculating the amounts of net sales, income (loss), assets, liabilities and other items by reporting segment

The accounting methods for the reporting segments are, in general, the same as those



described in the “Significant accounting policies in the preparation of the consolidated financial statements.” The income of each reporting segment is an amount based on operating income. Note that intersegment sales and transfers are recorded at internal transfer prices that are reasonably calculated based on prevailing market prices.

### 3. Information on net sales, income (loss), assets, liabilities and other items by reporting segment

Fiscal year ended March 31, 2015

(Millions of yen)

	Reporting segments						Adjustments Notes	Amount stated in consolidated financial statements
	Energy and Industrial Plants	Industrial Products	Advanced Products	Autoparts	Building Materials	Total		
Net sales								
Net sales to external customers	48,120	38,153	14,105	31,657	26,902	158,939	—	158,939
Intersegment sales or transfers	—	5,656	—	—	—	5,656	(5,656)	—
Total	48,120	43,810	14,105	31,657	26,902	164,596	(5,656)	158,939
Segment profit (loss)	3,313	4,660	1,580	3,285	(1,349)	11,490	—	11,490
Segment assets	24,481	38,654	11,104	27,860	22,525	124,626	31,607	156,234
Other items								
Depreciation and amortization	324	1,478	521	1,193	1,141	4,659	—	4,659
Amortization of goodwill	38	—	—	—	—	38	—	38
Increase in property, plant and equipment and intangible assets	55	635	85	994	498	2,269	519	2,788

Notes “Adjustment” is described below.

- (1) The ¥31,607 million adjustment in “segment assets” consists of assets relating to Group assets that do not belong to specific reporting segments. Group assets mainly consist of the filing company’s cash and deposits, assets attributable to the administrative and research divisions, deferred tax assets, etc.
- (2) The ¥519 million adjustment in “increase in property, plant and equipment and intangible assets” consists of capital investments in assets attributable to the administrative and research divisions.

Fiscal year ended March 31, 2016

(Millions of yen)

	Reporting segments						Adjustments Notes	Amount stated in consolidated financial statements
	Energy and Industrial Plants	Industrial Products	Advanced Products	Autoparts	Building Materials	Total		
Net sales								
Net sales to external customers	51,453	40,836	15,509	35,533	27,097	170,430	—	170,430
Intersegment sales or transfers	—	7,498	—	—	—	7,498	(7,498)	—
Total	51,453	48,335	15,509	35,533	27,097	177,928	(7,498)	170,430
Segment profit (loss)	3,793	5,978	2,203	4,438	(1,309)	15,104	—	15,104
Segment assets	26,099	37,621	10,764	29,966	19,037	123,489	31,432	154,922
Other items								
Depreciation expenses	342	1,389	475	1,323	1,066	4,598	—	4,598
Amortization of goodwill	38	—	—	—	—	38	—	38
Increase in property, plant, and equipment and intangible assets	33	850	349	1,367	428	3,028	1,259	4,287

Notes “Adjustment” is described below.

(1) The ¥31,432 million adjustment in “segment assets” consists of assets relating to Group assets that do not belong to specific reporting segments. Group assets mainly consist of the filing company’s surplus operating capital (cash and deposits), assets attributable to the administrative and research divisions, deferred tax assets, etc.

(2) The ¥1,259 million adjustment in “increase in property, plant and equipment and intangible assets” consists of capital investments in assets attributable to the administrative and research divisions.

(Related information)

Fiscal year ended March 31, 2015

1. Information by product and service

Information by product and service is omitted, because similar information is provided in “segment information.”

2. Information by region

(1) Sales

(Millions of yen)

Japan	Asia	Others	Total
133,162	18,175	7,601	158,939

Note: Net sales are based on the customer’s location and are divided by country and region.

(2) Property, plant and equipment

(Millions of yen)

Japan	Asia	Others	Total
32,029	6,416	443	38,889

### 3. Information by main customers

Because there are no customers that account for over 10% of sales stated in the consolidated statements of income for sales to external customers, this information is omitted.

Fiscal year ended March 31, 2016

#### 1. Information by product and service

Information by product and service is omitted, because similar information is provided in “segment information.”

#### 2. Information by region

##### (1) Sales

(Millions of yen)

Japan	Asia	Others	Total
140,048	22,673	7,707	170,430

Note: Net sales are based on the customer's location and are divided by country and region.

##### (2) Property, plant and equipment

(Millions of yen)

Japan	Asia	Others	Total
29,334	5,591	1,045	35,972

### 3. Information by main customers

Because there are no customers that account for over 10% of sales stated in the consolidated statements of income for sales to external customers, this information is omitted.

(Information relating to impairment loss of noncurrent assets by reporting segment)

Fiscal year ended March 31, 2015

(Significant impairment loss on noncurrent assets)

For the current fiscal year, the decision was made to demolish the former head office building, and an impairment loss was recorded for corporate assets that are not included in any reporting segments. The amount of this impairment loss was ¥298 million for the current fiscal year.

Fiscal year ended March 31, 2016

(Significant impairment loss on noncurrent assets)

In the current fiscal year, an impairment loss was recorded for buildings and structures and machinery, equipment and vehicles included in the Building Materials segment as the investment amount was deemed to be unrecoverable due to a drop in profitability. This impairment loss totaled ¥3,111 million in the current fiscal year.

(Information relating to goodwill amortization and unamortized balance by reporting segment)

This information is omitted because it lacks materiality.

(Per share information)

Net assets per share and the basis for calculation, net income per share and the basis for calculation, and diluted net income per share and the basis for calculation are as follows.

(Yen)

Item	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Net assets per share	647.36	639.55
(Basis for calculation)		
Total net assets (millions of yen)	78,893	85,665
Amount to be deducted from total net assets (millions of yen)	761	786
(Of which, minority interests)	(761)	(786)
Net assets attributable to common shares at the end of the fiscal year (millions of yen)	78,132	84,879
Number of common shares at the end of the fiscal year used for the calculation of net assets per share (thousand shares)	120,692	132,717

(Yen)

Item	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Net income per share	62.84	51.88
(Basis for calculation)		
Net income attributable to owners of the parent company (millions of yen)	7,532	6,669
Amount not attributed to common shareholders (millions of yen)	—	—
Net income attributable to owners of parent company related to common stock (millions of yen)	7,532	6,669
Average outstanding shares of common stock during the fiscal year (thousand shares)	119,866	128,569
Diluted net income per share	54.77	48.55
(Basis for calculation)		
Net income attributable to owners of parent company related to common stock (millions of yen)	—	—
Increase in number of common shares (thousand shares)	17,662	8,817
(Of which, bonds with subscription rights)	(17,662)	(8,817)
Overview of potential shares that were not included in the calculation of diluted net income per share because they have no dilutive effects	—————	—————

(Significant subsequent events)

Following a resolution at its board of directors meeting on May 9, 2016, the Company bought back its shares in accordance with the provisions of Article 156 of the Companies Act applicable pursuant to Article 165, Paragraph 3 of this Act. The details are as follows.

(1) Reason for conducting the share repurchase:

Shares were acquired to enhance capital efficiency and increase shareholder returns.

(2) Type of shares purchased                      Common stock

(3) Total number of shares to be repurchased                      3 million (maximum)

(4) Total amount to be paid for repurchase                      ¥1,500 million (maximum)

(5) Period of share repurchase                      May 10 – July 29, 2016

(6) Method of repurchase                      Purchase in the market on the Tokyo Stock  
Exchange

## 6. Other

### (1) Status of production, orders, and sales

#### 1. Production output by segment

(Millions of yen, %)

Name of segment	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016	YoY Percentage change	Current fiscal year composition ratio
Industrial Products	27,424	29,205	6.5	39.4
Advanced Products	9,774	11,039	12.9	14.9
Autoparts	23,267	25,360	9.0	34.3
Building Materials	8,881	8,411	(5.3)	11.4
Total	69,347	74,017	6.7	100.0

#### 2. Orders by segment

(Millions of yen, %)

Name of segment	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016	YoY Percentage change	Current fiscal year composition ratio
Energy and Industrial Plants	51,599	55,732	8.0	31.6
Industrial Products	38,347	40,621	5.9	23.0
Advanced Products	14,958	15,354	2.7	8.7
Autoparts	31,504	35,340	12.2	20.0
Building Materials	26,324	29,517	12.1	16.7
Total	162,734	176,566	8.5	100.0

#### 3. Net sales by segments

(Millions of yen, %)

Name of segment	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016	YoY Percentage change	Current fiscal year composition ratio
Energy and Industrial Plants	48,120	51,453	6.9	30.2
Industrial Products	38,153	40,836	7.0	24.0
Advanced Products	14,105	15,509	9.9	9.1
Autoparts	31,657	35,533	12.2	20.8
Building Materials	26,902	27,097	0.7	15.9
Total	158,939	170,430	7.2	100.0

## 7. Supplementary materials

Financial results supplementary materials for fiscal year ended March 31, 2016

May 9, 2016

NICHIAS Corporation

### (1) Key consolidated figures

(Millions of yen)

	Full year							
	Fiscal year 2012	Fiscal year 2013	Fiscal year 2014	Fiscal year 2015	Fiscal year 2016		Fiscal year 2017	
						Year-on-year change	Forecast	Year-on-year change
Net sales	144,258	137,008	147,118	158,939	170,430	7.2%	175,000	2.7%
Operating income	11,140	9,414	10,216	11,490	15,104	31.4%	15,500	2.6%
Operating income margin (%)	7.7%	6.9%	6.9%	7.2%	8.9%		8.9%	
Ordinary income	11,151	9,752	11,057	12,913	15,480	19.9%	15,800	2.1%
Ordinary income margin (%)	7.7%	7.1%	7.5%	8.1%	9.1%		9.0%	
Profit attributable to owners of parent	6,914	5,936	6,317	7,532	6,669	(11.5)%	10,200	52.9%
Net income margin (%)	4.8%	4.3%	4.3%	4.7%	3.9%		5.8%	
Basic earnings per share (yen)	58.14	49.81	52.89	62.84	51.88	(17.4)%	76.85	48.1%
Total assets	125,601	135,401	141,311	156,234	154,909	(0.8)%	—	—
Net assets	55,241	62,299	67,956	78,893	85,665	8.6%	—	—
Shareholders' equity	54,296	61,291	67,276	78,132	84,879	8.6%	—	—
Equity ratio (%)	43.2%	45.3%	47.6%	50.0%	54.8%		—	
Interest-bearing debt	31,574	36,289	33,825	33,830	25,840	(23.6)%	—	—
Interest-bearing debt ratio (%)	25.1%	26.8%	23.9%	21.7%	16.7%		—	
Capital expenditures	4,355	6,537	8,299	2,788	4,287	53.8%	10,000	133.2%
Depreciation and amortization	3,796	3,260	3,802	4,659	4,598	(1.3)%	3,900	(15.2)%
Research and development expenses	5,335	5,189	5,545	5,602	5,460	(2.5)%	5,500	0.7%

### (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	Fourth quarter	Year-on-year change
Net sales	34,800	39,698	39,969	44,470	38,648	42,672	41,435	47,674	7.2%
Operating income	2,518	2,510	2,949	3,512	3,140	3,567	3,204	5,191	47.8%
Operating income margin (%)	7.2%	6.3%	7.4%	7.9%	8.1%	8.4%	7.7%	10.9%	
Ordinary income	2,776	2,729	3,551	3,854	3,416	3,701	3,180	5,182	34.4%
Ordinary income margin (%)	8.0%	6.9%	8.9%	8.7%	8.8%	8.7%	7.7%	10.9%	
Profit attributable to owners of parent	1,805	1,281	2,245	2,200	2,071	2,429	2,103	65	(97.0)%
Net income margin (%)	5.2%	3.2%	5.6%	4.9%	5.4%	5.7%	5.1%	0.1%	

\*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.