



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. Should there be any discrepancy between the Japanese and English versions, the Japanese version is assumed to be correct. The “Notice of Consolidated Earnings Forecast” mentioned in this statement is disclosed in Japanese only. Please instead refer to the “Third quarter of fiscal year ending March 31, 2017 Financial Results Supplementary Materials,” which is similar to the above document and is available in English.

Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2017
(April 1, 2016 to June 30, 2016) [Japanese GAAP]

August 1, 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 and Senior Managing Executive Officer
 Phone: +81-3-4413-1111
 Scheduled date of filing of quarterly consolidated financial statements: August 4, 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 first quarter of the fiscal year ending March 31, 2017 (April 1 to June 30, 2016)

(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	%
First Quarter of Fiscal Year Ending March 31, 2017	39,230	1.5	3,876	23.4	3,639	6.5	2,378	14.8
First Quarter of Fiscal Year Ended March 31, 2016	38,648	11.1	3,140	24.7	3,416	23.0	2,071	14.8

Note: Comprehensive income

First Quarter of Fiscal Year Ending March 31, 2017 ¥1,784 million / (25.3)%

First Quarter of Fiscal Year Ended March 31, 2016..... ¥2,390 million / (8.5)%

	Profit attributable to owners of parent per share	Profit attributable to owners of parent per share (diluted)
	Yen	Yen
First Quarter of Fiscal Year Ending March 31, 2017	17.98	17.39
First Quarter of Fiscal Year Ended March 31, 2016	17.03	15.08

(2) Financial status

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2016	155,122	84,514	54.0
As of March 31, 2016	154,922	85,665	54.8

(Reference) Shareholders' Equity

As of June 30, 2016..... ¥83,729 million

As of March 31, 2016..... ¥84,879 million

2. Dividends

	Annual dividends				
	1 st quarter-end	2 nd quarter-end	3 rd quarter-end	Fiscal year-end	Annual total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2016	—	9.00	—	12.00	21.00
Fiscal year ending March 31, 2017	—				
Fiscal year ending March 31, 2017 (Forecast)		11.00	—	11.00	22.00

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

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

(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
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

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 June 30, 2016	133,067,486 shares	As of March 31, 2016	132,804,711 shares
---------------------	--------------------	----------------------	--------------------

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

As of June 30, 2016	1,839,150 shares	As of March 31, 2016	87,112 shares
---------------------	------------------	----------------------	---------------

3) Average number of shares outstanding during the period (quarterly cumulative)

Fiscal year ending March 31, 2017 1Q	132,248,100 shares	Fiscal year ended March 31, 2016 1Q	121,665,489 shares
--------------------------------------	--------------------	-------------------------------------	--------------------

* 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 related to future prospects including consolidated results forecasts	3
2. Summary information (Notes)	4
(1) Changes in accounting policies, changes in accounting estimates and restatements	4
(2) Additional Information	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)	12
4. Supplementary materials	13

1. Qualitative information on the quarter under review

(1) Explanation of operating results

During the first quarter of the fiscal year under review (April 1, 2016 to June 30, 2016), while the Japanese economy remained on a path of moderate recovery overall, uncertainty about the future grew as a result of factors including the Kumamoto Earthquake and drastic fluctuations in exchange rates. Meanwhile, conditions in overseas economies remained uncertain despite the strong state of the US economy, as the Chinese economy experienced a slowdown and the UK decided to leave the EU.

Against this backdrop, net sales primarily increased for the Building Materials Division as a result of robust demand for fire resistant covering material. As a result, net sales for the NICHIAS Group overall increased 1.5% year on year to ¥39,230 million.

In terms of profits, operating income increased 23.4% year on year to ¥3,876 million, ordinary income increased 6.5% year on year to ¥3,639 million, and profit attributable to owners of parent increased 14.8% year on year to ¥2,378 million.

Net sales by segment for the first quarter of the year ending March 31, 2017 are as follows.

Sales in the **Energy and Industrial Plants Division** decreased 0.5% year on year to ¥10,431 million. This was due to a decline in completions of power-related work, despite strong performance by sales departments that responded to maintenance demand.

Sales in the **Industrial Products Division** increased 2.6% year on year to ¥10,007 million. This was due to the robust demand for products including fluoropolymer products and sealing material products.

Sales in the **Advanced Products Division** increased 1.9% year on year to ¥4,231 million. This was due to solid demand with respect to products for semiconductor and liquid crystal production equipment.

Sales in the **Autoparts Division** increased 1.0% year on year to ¥8,910 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 4.0% year on year to ¥5,649 million. This was due to an increase in demand for fire resistant covering material.

(2) Explanation of financial position

1) Assets, liabilities, and net assets

Total assets at the end of the first quarter of the year ending March 31, 2017 were ¥155,122 million, up ¥200 million year on year. This was a result of year-on-year decreases in completed construction contracts of ¥2,812 million, deferred tax assets of ¥515 million, notes and accounts receivable-trade of ¥484 million, and investment securities of ¥371 million being outweighed by year-on-year increases in uncompleted construction contracts of ¥3,160 million and construction in progress of ¥1,327 million.

Liabilities at the end of the first quarter of the year ending March 31, 2017 were ¥70,607 million, up ¥1,350 million year on year. This was largely the result of year-on-year decreases in income taxes payable of ¥1,818 million being outweighed by year-on-year increases in notes and accounts payable-trade of ¥1,903 million and advances received on uncompleted construction contracts of ¥1,053 million.

Net assets at the end of the first quarter of the year ending March 31, 2017 were ¥84,514 million, down ¥1,150 million year on year. This was largely a result of a year-on-year increase in retained earnings of ¥785 million being outweighed by a year-on-year increase in treasury stock of ¥1,485 million and a year-on-year decrease in foreign currency translation adjustment of ¥416 million.

2) Cash flows

Cash and cash equivalents at the end of the first quarter of the year ending March 31, 2017 (hereinafter, “cash”) decreased by ¥288 million to ¥19,511 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 ¥4,534 million (compared to receipts of ¥3,216 million in the same period of the previous fiscal year).

This reflects factors such as a decrease in cash due to a ¥3,313 million increase in inventories and ¥2,381 million in income taxes paid being outweighed by the factors of an increase in cash of ¥3,444 million in income before income taxes, and a ¥3,124 million decrease in notes and accounts receivable—trade, ¥2,297 million increase in accrued expenses, and a ¥1,055 million increase in advances received on uncompleted construction contracts.

(Cash flows from investing activities)

Net cash used in investing activities was ¥1,368 million (compared to expenditures of ¥910 million in the same period of the previous fiscal year).

This was due to outflows of cash that included expenditures of ¥1,301 million for purchases of property, plant and equipment.

(Cash flows from financing activities)

Net cash used in financing activities was ¥3,030 million (compared to expenditures of ¥1,404 million in the same period of the previous fiscal year).

This was due to outflows of cash attributable to a ¥1,503 million net increase in treasury stock and ¥1,485 million in cash dividends paid.

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

The results for the first quarter of the fiscal year ending March 31, 2017 were largely in line with expectations. Therefore, the forecasts released on May 9, 2016 for the first six months of the fiscal year ending March 31, 2017 and the entire fiscal year ending March 31, 2017 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)

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

(Changes in accounting policies)

Accompanying a change in the Corporation Tax Act, the “Practical Solution on a Change in Depreciation Method Due to Tax Reform 2016” (ASBJ Practical Issues Task Force No. 32, issued June 17, 2016) will be applied from the first quarter of the year ending March 31, 2017, and the depreciation method for building-attached facilities and structures acquired from April 1, 2016 will be changed from a fixed-rate method to a straight-line method.

Note that this will not have a material impact on the quarterly consolidated financial statements for the first quarter of the year ending March 31, 2017.

(2) Additional Information

(Implementation Guidance on Recoverability of Deferred Tax Assets)

The “Implementation Guidance on Recoverability of Deferred Tax Assets” (ASBJ Guidance No. 26 of March 28, 2016) has been applied from the first quarter of the year ending March 31, 2017.

3. Quarterly consolidated financial statements

(1) Quarterly consolidated balance sheets

(Millions of yen)

	Fiscal year ended March 31, 2016	First Quarter of Fiscal Year Ending March 31, 2017 (June 30, 2016)
Assets		
Current assets		
Cash and deposits	20,352	20,044
Notes and accounts receivable—trade	37,889	37,405
Accounts receivable from completed construction contracts	16,453	13,641
Merchandise and finished goods	9,345	9,125
Work in process	1,341	1,481
Raw materials and supplies	6,018	6,064
Costs on uncompleted construction contracts	4,680	7,840
Deferred tax assets	1,708	1,193
Other	2,245	2,399
Allowance for doubtful accounts	(13)	(10)
Total current assets	100,022	99,186
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	42,424	42,474
Accumulated depreciation and impairment loss	(28,589)	(28,776)
Buildings and structures, net	13,835	13,697
Machinery, equipment and vehicles	64,697	65,022
Accumulated depreciation and impairment loss	(58,238)	(58,384)
Machinery, equipment and vehicles, net	6,458	6,638
Land	13,647	13,633
Lease assets	370	387
Accumulated depreciation	(216)	(237)
Lease assets, net	153	149
Construction in progress	1,304	2,631
Other	7,573	7,578
Accumulated depreciation and impairment loss	(6,999)	(7,018)
Other, net	573	560
Total property, plant and equipment	35,972	37,311
Intangible assets		
Software	1,557	1,455
Other	436	426
Total intangible assets	1,993	1,881
Investments and other assets		
Investment securities	12,535	12,164
Net defined benefit asset	274	415
Deferred tax assets	584	593
Other	3,576	3,611
Allowance for doubtful accounts	(38)	(40)
Total investments and other assets	16,933	16,742
Total noncurrent assets	54,899	55,935
Total assets	154,922	155,122

(Millions of yen)

	Fiscal year ended March 31, 2016	First Quarter of Fiscal Year Ending March 31, 2017 (June 30, 2016)
Liabilities		
Current liabilities		
Notes and accounts payable—trade	25,878	27,781
Short-term loans payable	14,197	13,592
Accounts payable—other	4,416	3,771
Income taxes payable	2,593	774
Advances received on uncompleted construction contracts	659	1,712
Provision for bonuses	2,398	1,386
Other	2,631	4,763
Total current liabilities	52,775	53,784
Noncurrent liabilities		
Bonds payable	8,000	8,000
Bonds with subscription rights to shares	2,575	2,420
Long-term loans payable	300	800
Deferred tax liabilities	937	840
Net defined benefit liability	3,415	3,454
Other	1,253	1,308
Total noncurrent liabilities	16,481	16,823
Total liabilities	69,256	70,607
Net assets		
Shareholders' equity		
Capital stock	11,421	11,492
Capital surplus	13,314	13,396
Retained earnings	58,281	59,066
Treasury stock	(33)	(1,519)
Total shareholders' equity	82,982	82,435
Total other cumulative comprehensive income		
Valuation difference on available-for-sale securities	4,606	4,316
Foreign currency translation adjustment	363	(53)
Remeasurements of defined benefit plans	(3,073)	(2,968)
Total other cumulative comprehensive income	1,896	1,293
Non-controlling interests	786	784
Total net assets	85,665	84,514
Total liabilities and net assets	154,922	155,122

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

Quarterly consolidated statements of income

First quarter of consolidated fiscal year

(Millions of yen)

	First Quarter of Fiscal Year Ended March 31, 2016 (April 1, 2015 to June 30, 2015)	First Quarter of Fiscal Year Ending March 31, 2017 (April 1, 2016 to June 30, 2016)
Net sales		
Net sales of merchandise and finished goods	29,932	30,091
Net sales of completed construction contracts	8,716	9,138
Total net sales	38,648	39,230
Cost of sales		
Cost of merchandise and finished goods sold	22,029	21,501
Cost of sales of completed construction contracts	7,582	7,833
Total cost of sales	29,612	29,335
Gross profit	9,036	9,894
Selling, general and administrative expenses		
Selling expenses	1,881	1,939
General and administrative expenses	4,014	4,079
Total selling, general and administrative expenses	5,895	6,018
Operating income	3,140	3,876
Non-operating income		
Interest income	9	7
Dividends income	124	135
Foreign exchange gains	81	—
Rent income	71	76
Equity in earnings of affiliates	14	19
Other	58	118
Total non-operating income	360	357
Non-operating expenses		
Interest expenses	48	44
Foreign exchange losses	—	498
Other	36	52
Total non-operating expenses	84	594
Ordinary income	3,416	3,639
Extraordinary income		
Gain on sales of noncurrent assets	2	2
Gains on liquidation of subsidiaries	35	—
Total extraordinary income	37	2
Extraordinary losses		
Loss on sales and retirement of noncurrent assets	20	1
Loss on disasters	—	195
Total extraordinary losses	20	197
Income before income taxes	3,433	3,444

(Millions of yen)

	First Quarter of Fiscal Year Ended March 31, 2016 (April 1, 2015 to June 30, 2015)	First Quarter of Fiscal Year Ending March 31, 2017 (April 1, 2016 to June 30, 2016)
Income taxes—current	595	570
Income taxes—deferred	745	478
Total income taxes	1,340	1,048
Profit	2,092	2,396
Profit attributable to non-controlling interests	20	17
Profit attributable to owners of parent	2,071	2,378

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

(Millions of yen)

	First Quarter of Fiscal Year Ended March 31, 2016 (April 1, 2015 to June 30, 2015)	First Quarter of Fiscal Year Ending March 31, 2017 (April 1, 2016 to June 30, 2016)
Profit	2,092	2,396
Other comprehensive income		
Valuation difference on available-for-sale securities	654	(290)
Foreign currency translation adjustment	(372)	(426)
Remeasurements of defined benefit plans	15	105
Total other comprehensive income	297	(611)
Comprehensive income	2,390	1,784
(Breakdown)		
Comprehensive income attributable to owners of the parent company	2,383	1,775
Comprehensive income attributable to non-controlling interests	7	8

(3) Quarterly consolidated statements of cash flows

(Millions of yen)

	First Quarter of Fiscal Year Ended March 31, 2016 (April 1, 2015 to June 30, 2015)	First Quarter of Fiscal Year Ending March 31, 2017 (April 1, 2016 to June 30, 2016)
Cash flows from operating activities		
Income before income taxes	3,433	3,444
Depreciation and amortization	1,092	910
Increase (decrease) in net defined benefit liability	30	39
Increase (decrease) in provision for bonuses	(913)	(1,011)
Interest and dividends income received	(134)	(142)
Interest expenses	48	44
Foreign exchange losses (gains)	(11)	259
Decrease (increase) in notes and accounts receivable—trade	4,105	3,124
Decrease (increase) in inventories	(2,261)	(3,313)
Increase (decrease) in notes and accounts payable—trade	(967)	833
Increase (decrease) in accounts payable—other	(846)	(750)
Increase (decrease) in accrued expenses	2,313	2,297
Increase (decrease) in advances received on uncompleted construction contracts	145	1,055
Loss (gain) on liquidation of subsidiaries	(35)	—
Decrease (increase) in net defined benefit asset	(371)	(140)
Other	(65)	160
Subtotal	5,562	6,811
Interest and dividends income received	134	142
Interest expenses paid	(42)	(37)
Income taxes paid	(2,445)	(2,381)
Income taxes refund	6	—
Net cash provided by (used in) operating activities	3,216	4,534

(Millions of yen)

	First Quarter of Fiscal Year Ended March 31, 2016 (April 1, 2015 to June 30, 2015)	First Quarter of Fiscal Year Ending March 31, 2017 (April 1, 2016 to June 30, 2016)
Cash flows from investing activities		
Net decrease (increase) in time deposits	(76)	(3)
Proceeds from liquidation of subsidiaries	38	—
Purchase of property, plant and equipment	(840)	(1,301)
Proceeds from sales of property, plant and equipment	11	29
Purchase of intangible assets	(54)	(35)
Payments of loans receivable	(2)	(16)
Collection of loans receivable	20	1
Other	(6)	(42)
Net cash provided by (used in) investing activities	(910)	(1,368)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(244)	(507)
Proceeds from long-term loans payable	—	500
Repayment of long-term loans payable	(125)	—
Cash dividends paid	(993)	(1,485)
Net decrease (increase) in treasury stock	(13)	(1,503)
Dividends paid to non-controlling interests	(9)	(10)
Other	(18)	(23)
Net cash provided by (used in) financing activities	(1,404)	(3,030)
Effect of exchange rate change on cash and cash equivalents	43	(424)
Net increase (decrease) in cash and cash equivalents	944	(288)
Cash and cash equivalents at beginning of period	14,460	19,800
Increase in cash and cash equivalents from newly consolidated subsidiary	385	—
Cash and cash equivalents at end of period	15,790	19,511

(4) Notes regarding quarterly consolidated financial statements

(Notes regarding going concern assumption)

Not applicable

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

In accordance with Article 156 of the Companies Act replacing the phrases pursuant to the provisions of Article 165-3 of the Companies Act, a resolution was made at the meeting of the Board of Directors held on May 9, 2016 to acquire 1,793,000 treasury shares as described below.

As a result of this acquisition of treasury stock, treasury stock increased by ¥1,485 million during the first quarter of the year ending March 31, 2017, and the amount of treasury stock at the end of the first quarter of the year ending March 31, 2017 was ¥1,519 million.

(Segment information)

I. First quarter of fiscal year ended March 31, 2016 (April 1, 2015 to June 30, 2015)

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

(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	10,484	9,756	4,153	8,821	5,432	38,648	—	38,648
Intersegment sales or transfers	—	1,999	—	—	—	1,999	(1,999)	—
Total	10,484	11,756	4,153	8,821	5,432	40,648	(1,999)	38,648
Segment profit or loss	460	1,324	689	1,176	(510)	3,140	—	3,140

2. Information related to impairment loss of noncurrent assets and goodwill by reporting segment:

Not applicable

II. First quarter of fiscal year ending March 31, 2017 (April 1, 2016 to June 30, 2016)

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

(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	10,431	10,007	4,231	8,910	5,649	39,230	—	39,230
Intersegment sales or transfers	—	2,134	—	—	—	2,134	(2,134)	—
Total	10,431	12,141	4,231	8,910	5,649	41,364	(2,134)	39,230
Segment profit	532	1,490	694	1,141	17	3,876	—	3,876

2. Information related to impairment loss of noncurrent assets and goodwill by reporting segment:

Not applicable

4. Supplementary materials

Financial results briefing supplementary materials for the first quarter of the fiscal year ending March 31, 2017

(1) Key consolidated figures

(Millions of yen)

	Half year			Full year					
	Fiscal year 2016	Fiscal year 2017		Fiscal year 2013	Fiscal year 2014	Fiscal year 2015	Fiscal year 2016	Fiscal year 2017	
	Second quarter (cumulative)	Second quarter (cumulative) forecast	Year-on-year change					Forecast	Year-on-year change
Net sales	81,320	84,400	3.8%	137,008	147,118	158,939	170,430	175,000	2.7%
Operating income	6,708	7,100	5.8%	9,414	10,216	11,490	15,104	15,500	2.6%
Operating income margin (%)	8.2%	8.4%		6.9%	6.9%	7.2%	8.9%	8.9%	
Ordinary income	7,117	7,200	1.2%	9,752	11,057	12,913	15,480	15,800	2.1%
Ordinary income margin (%)	8.8%	8.5%		7.1%	7.5%	8.1%	9.1%	9.0%	
Profit attributable to owners of parent	4,501	4,600	2.2%	5,936	6,317	7,532	6,669	10,200	52.9%
Net income margin (%)	5.5%	5.5%		4.3%	4.3%	4.7%	3.9%	5.8%	
Basic earnings per share (yen)	36.01	34.66	(3.7%)	49.81	52.89	62.84	51.88	76.85	48.1%
Total assets	158,866	—	—	135,401	141,311	156,234	154,922	—	—
Net assets	88,263	—	—	62,299	67,956	78,893	85,665	—	—
Shareholders' equity	87,491	—	—	61,291	67,276	78,132	84,879	—	—
Equity ratio (%)	55.1%	—		45.3%	47.6%	50.0%	54.8%	—	
Interest-bearing debt	26,538	—	—	36,289	33,825	33,830	25,840	—	—
Interest-bearing debt ratio (%)	16.7%	—		26.8%	23.9%	21.7%	16.7%	—	
Capital expenditures	2,622	—	—	6,537	8,299	2,788	4,287	10,000	133.2%
Depreciation and amortization	2,246	—	—	3,260	3,802	4,659	4,598	3,900	(15.2%)
Research and development expenses	2,582	—	—	5,189	5,545	5,602	5,460	5,500	(0.7%)

(2) Quarterly consolidated financial results

(Millions of yen)

	Fiscal year 2016				Fiscal year 2017		
	First quarter	Second quarter	Third quarter	Fourth quarter	First quarter	Year-on-year change	Second quarter forecast
Net sales	38,648	42,672	41,435	47,674	39,230	1.5%	45,169
Operating income	3,140	3,567	3,204	5,191	3,876	23.4%	3,223
Operating income margin (%)	8.1%	8.4%	7.7%	10.9%	9.9%		7.1%
Ordinary income	3,416	3,701	3,180	5,182	3,639	6.5%	3,560
Ordinary income margin (%)	8.8%	8.7%	7.7%	10.9%	9.3%		7.9%
Profit attributable to owners of parent	2,071	2,429	2,103	65	2,378	14.8%	2,221
Net income margin (%)	5.4%	5.7%	5.1%	0.1%	6.1%		4.9%

*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.