

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended March 31, 2016 (Based on Japanese GAAP)

May 9, 2016

Company name: Nagaoka International Corporation
 Stock exchange listing: Tokyo
 Stock code: 6239 URL <http://www.nagaokajapan.co.jp/>
 Representative: President & CEO Hitoshi Mimura
 Managing Director, Administrative Kazuo Ohmura
 Inquiries: Headquarters TEL 0725(21)5750
 Scheduled date to file Quarterly Securities Report: May 10, 2016
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: No
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the nine months ended March 31, 2016 (from July 1, 2015 to March 31, 2016)

(1) Consolidated operating results (cumulative)

Percentages indicate 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	%
Nine months ended March 31, 2016	1,750	(46.9)	(623)	–	(781)	–	(808)	–
Nine months ended March 31, 2015	3,294	–	(27)	–	139	–	72	–

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended March 31, 2016	(390.37)		–	
Nine months ended March 31, 2015	46.16		–	

(2) Consolidated financial position

	Total assets		Net assets		Equity ratio	
	Millions of yen		Millions of yen		%	
As of March 31, 2016	6,837		2,366		26.5	
As of June 30, 2015	8,735		3,405		30.8	

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
Year ended June 30, 2015	–	0.00	–	0.00	0.00
Year ending June 30, 2016	–	0.00	–	–	–
Year ending June 30, 2016 (Forecast)	–	–	–	0.00	0.00

3. Forecast of consolidated financial results for the year ending June 30, 2016 (from July 1, 2015 to June 30, 2016)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	3,153	(46.1)	(681)	–	(889)	–	(853)	–	(407.11)

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended March 31, 2016
 (changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: Yes
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2016	2,101,000 shares	As of June 30, 2015	2,051,000 shares
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Number of treasury shares at the end of the period

As of March 31, 2016	25,000 shares	As of June 30, 2015	25,000 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Nine months ended March 31, 2016	2,070,909 shares	Nine months ended March 31, 2015	1,564,832 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of June 30, 2015	As of March 31, 2016
Assets		
Current assets		
Cash and deposits	1,806,696	1,252,526
Notes and accounts receivable - trade	3,129,049	1,883,641
Merchandise and finished goods	44,122	41,519
Work in process	190,869	543,026
Raw materials and supplies	616,223	609,895
Deferred tax assets	71,545	–
Other	221,457	136,094
Allowance for doubtful accounts	–	(34,044)
Total current assets	6,079,963	4,432,659
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,341,443	1,247,485
Machinery, equipment and vehicles, net	429,655	419,294
Leased assets, net	258,040	208,260
Construction in progress	13,927	8,406
Other, net	86,741	73,887
Total property, plant and equipment	2,129,807	1,957,334
Intangible assets	362,871	320,325
Investments and other assets		
Deferred tax assets	48,682	11,357
Other	114,175	115,899
Total investments and other assets	162,858	127,257
Total non-current assets	2,655,537	2,404,917
Total assets	8,735,501	6,837,577

(Thousands of yen)

	As of June 30, 2015	As of March 31, 2016
Liabilities		
Current liabilities		
Notes and accounts payable - trade	896,498	567,334
Short-term loans payable	1,310,062	1,639,701
Current portion of long-term loans payable	516,127	574,382
Current portion of bonds	185,000	110,000
Income taxes payable	174,029	2,736
Deferred tax liabilities	36,676	14,980
Provision for bonuses	–	2,334
Provision for directors' bonuses	70,750	–
Provision for loss on construction contracts	3,263	11,903
Other	524,410	186,677
Total current liabilities	3,716,818	3,110,051
Non-current liabilities		
Bonds payable	422,500	140,000
Long-term loans payable	756,249	847,595
Net defined benefit liability	73,895	77,272
Asset retirement obligations	70,148	73,319
Deferred tax liabilities	–	1,944
Other	290,665	221,183
Total non-current liabilities	1,613,458	1,361,315
Total liabilities	5,330,277	4,471,366
Net assets		
Shareholders' equity		
Capital stock	750,550	787,350
Capital surplus	773,247	810,047
Retained earnings	861,506	53,084
Treasury shares	(21,000)	(21,000)
Total shareholders' equity	2,364,303	1,629,482
Accumulated other comprehensive income		
Deferred gains or losses on hedges	197	(663)
Foreign currency translation adjustment	327,722	180,885
Total accumulated other comprehensive income	327,920	180,221
Non-controlling interests	712,999	556,507
Total net assets	3,405,224	2,366,211
Total liabilities and net assets	8,735,501	6,837,577

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Thousands of yen)

	Nine months ended March 31, 2015	Nine months ended March 31, 2016
Net sales	3,294,935	1,750,557
Cost of sales	2,305,561	1,406,625
Gross profit	989,374	343,932
Selling, general and administrative expenses	1,017,240	967,085
Operating loss	(27,866)	(623,153)
Non-operating income		
Interest income	1,325	979
Gain on sales of scraps	13,689	9,940
Foreign exchange gains	190,564	–
Subsidy income	13,865	11,384
Other	5,015	6,973
Total non-operating income	224,460	29,277
Non-operating expenses		
Interest expenses	36,849	30,388
Foreign exchange losses	–	127,700
Commission fee	10,941	28,907
Other	9,287	929
Total non-operating expenses	57,077	187,924
Ordinary income (loss)	139,517	(781,800)
Extraordinary losses		
Loss on retirement of non-current assets	11,284	532
Total extraordinary losses	11,284	532
Income (loss) before income taxes and minority interests	128,232	(782,332)
Income taxes	85,034	103,083
Profit (loss)	43,198	(885,416)
Loss attributable to non-controlling interests	(29,031)	(76,994)
Profit (loss) attributable to owners of parent	72,229	(808,421)

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Nine months ended March 31, 2015	Nine months ended March 31, 2016
Profit (loss)	43,198	(885,416)
Other comprehensive income		
Deferred gains or losses on hedges	677	(861)
Foreign currency translation adjustment	232,107	(226,335)
Total other comprehensive income	232,784	(227,196)
Comprehensive income	275,983	(1,112,612)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	197,580	(956,120)
Comprehensive income attributable to non-controlling interests	78,403	(156,492)