

Consolidated Financial Results
for the Second Quarter of the Fiscal Year Ending February 29, 2016
(Six Months Ended August 31, 2015)

[Japanese GAAP]

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Scheduled date of filing of Quarterly Report: October 8, 2015
 Scheduled date of payment of dividend: -
 Preparation of supplementary materials for quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (for institutional investors and securities analysts)

(All amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending February 29, 2016
(March 1, 2015 – August 31, 2015)

(1) Consolidated results of operations (Percentages represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended Aug. 31, 2015	7,697	4.4	198	96.8	252	78.8	123	242.4
Six months ended Aug. 31, 2014	7,371	(17.0)	101	(88.0)	141	(83.8)	36	(92.3)

Note: Comprehensive income
 Six months ended Aug. 31, 2015: 120 million yen (- %)
 Six months ended Aug. 31, 2014: (68) million yen (- %)

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended Aug. 31, 2015	14.34	-
Six months ended Aug. 31, 2014	4.19	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Aug. 31, 2015	17,362	10,850	62.5	1,258.42
As of Feb. 28, 2015	17,277	11,180	63.6	1,274.37

Reference: Equity capital As of Aug. 31, 2015: 10,850 million yen As of Feb. 28, 2015: 10,987 million yen

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Feb. 28, 2015	-	0.00	-	30.00	30.00
Fiscal year ending Feb. 29, 2016	-	0.00			
Fiscal year ending Feb. 29, 2016 (forecast)			-	25.00	25.00

Note: Revision to the most recently announced dividend forecast: None

Note: Breakdown of the year-end dividend for the fiscal year ended Feb. 28, 2015:

Ordinary dividends: 25.00 yen; Commemorative dividends: 5.00 yen

3. Consolidated Forecast for the Fiscal Year Ending February 29, 2016 (March 1, 2015 – February 29, 2016)

(Percentages represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	18,500	6.2	1,350	17.4	1,370	9.6	800	14.9	92.78

Note: Revision to the most recently announced consolidated forecast: None

*** Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in scope of consolidation): None

Newly added: - Excluded: -

(2) Application of special accounting methods for presenting quarterly consolidated financial statements: Yes

Note: Please refer to page 3 “2. Matters Related to Summary Information (Notes), (2) Application of Special Accounting Methods for Presenting Quarterly Consolidated Financial Statements” for details.

(3) Changes in accounting policies and accounting-based estimates, and restatements

1) Changes in accounting policies due to revisions in accounting standards, others:	Yes
2) Changes in accounting policies other than 1) above:	None
3) Changes in accounting-based estimates:	None
4) Restatements:	None

(4) Number of outstanding shares (common stock)

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

As of Aug. 31, 2015:	9,200,000 shares	As of Feb. 28, 2015:	9,200,000 shares
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2) Number of treasury shares at the end of the period

As of Aug. 31, 2015:	577,722 shares	As of Feb. 28, 2015:	577,722 shares
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3) Average number of shares outstanding during the period

Six months ended Aug. 31, 2015:	8,622,278 shares	Six months ended Aug. 31, 2014:	8,622,289 shares
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Indication of quarterly review procedure implementation status

The current financial report is not subject to the audit procedures based on the Financial Instruments and Exchange Act. At the time of disclosure, the audit procedures for the financial statements have not been completed.

Cautionary statement with respect to forecasts of future performance and other special items

Forecasts regarding future performance in these materials are based on certain assumptions judged to be valid and information currently available to the Company. Actual performance may differ significantly from these forecasts for a number of reasons. Please refer to the section “Explanation of Consolidated Forecast and Other Forward-looking Statements” on page 3 of the attachments regarding preconditions or other related matters for forecasts shown above.

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1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

In the first half of the current fiscal year, the Japanese economy continued to recover slowly as corporate earnings increased mostly because of the weaker yen. However, the outlook remained unclear because of concerns about an economic downturn in Japan caused by an economic decline in China or other countries.

The pharmaceutical industry, which is the primary source of demand for Freund Group products, has been growing more slowly, mainly in industrialized countries. Causes include more Japanese government actions to hold down healthcare expenditures such as national health insurance drug price revisions and measures to increase the use of generic drugs, the higher cost of R&D and higher risks associated with the development of new drugs. The focus of attention is shifting to emerging countries and to the expansion in the market for generic drugs.

The Freund Group has developed innovative new products and worked on precisely targeting customers' needs. Group companies also aggressively pursued opportunities in new business fields.

Net sales increased 4.4% year-over-year to 7,697 million yen, operating income increased 96.8% to 198 million yen, ordinary income was up 78.8% to 252 million yen, and net income increased 242.4% to 123 million yen.

Results by business segment were as follows.

Machinery Business Segment

In the machinery sector, where granulating and coating devices are the main products, sales and operating income increased as orders remained strong because of the large volume of capital expenditures in the generic drug industry.

As a result, net sales rose 23.5% year-over-year to 4,992 million yen and operating income increased 21.6% to 152 million yen.

Chemical and Food Business Segment

In the chemical and food sector, sales of pharmaceutical excipients and food preservatives were firm. But sales of nutritional supplements, a product category that utilizes Freund's technologies, declined due to the impact of a reduction in output by a major customer. Meanwhile, operating income increased due to actions to expand high-value added Freund products and to lower the cost of sales.

As a result, net sales dropped 18.7% year-over-year to 2,704 million yen, while operating income rose 13.6% to 219 million yen.

(2) Explanation of Financial Position

Assets, liabilities and net assets

Total assets increased 85 million yen from the end of the previous fiscal year to 17,362 million yen at the end of the second quarter under review. This mainly reflected increases in work in process of 1,034 million yen and merchandise and finished goods of 120 million yen, while there were decreases in notes and accounts receivable-trade of 882 million yen and cash and deposits of 229 million yen.

Liabilities increased 414 million yen from the end of the previous fiscal year to 6,512 million yen at the end of the second quarter under review.

Net assets decreased 329 million yen from the end of the previous fiscal year to 10,850 million yen at the end of the second quarter under review.

Cash flows

The balance of cash and cash equivalents at the end of the second quarter under review was 4,448 million yen, down 99 million yen from the end of the previous fiscal year.

The cash flow components and the main reasons for changes are as described below.

a. Cash flows from operating activities

Net cash provided by operating activities was 472 million yen (compared with net cash used of 645 million yen in the same period of the previous fiscal year). Although there was an increase in inventories of 1,045 million yen and other negative factors, there was a decrease in notes and accounts receivable-trade of 743 million yen, an increase in advances received of 716 million yen and other positive factors.

b. Cash flows from investing activities

Net cash used in investing activities was 278 million yen (compared with net cash used of 108 million yen in the same period of the previous fiscal year). This was mainly due to the payment for the purchase of shares of subsidiaries from minority shareholders of 264 million yen and the purchase of property, plant and equipment of 160 million yen, while there were proceeds from withdrawal of time deposits of 107 million yen, proceeds from cancellation of insurance funds of 42 million yen and other positive factors.

c. Cash flows from financing activities

Net cash used in financing activities was 299 million yen (compared with net cash used of 253 million yen in the same period of the previous fiscal year). This was mainly the result of cash dividends paid of 257 million yen.

(3) Explanation of Consolidated Forecast and Other Forward-looking Statements

There are no revisions to the consolidated forecast for the fiscal year ending February 29, 2016, which was disclosed in the Consolidated Financial Results for the Fiscal Year Ended February 28, 2015 dated April 8, 2015.

2. Matters Related to Summary Information (Notes)

(1) Changes in Significant Subsidiaries during the Period

Not applicable.

Changes in subsidiaries other than the specified subsidiaries

In the first quarter of the current fiscal year, Freund International, Ltd. was excluded from the consolidation since this company was absorbed by Freund-Vector Corporation, which became the surviving company, after which Freund International, Ltd. was dissolved.

(2) Application of Special Accounting Methods for Presenting Quarterly Consolidated Financial Statements

The tax expenses are calculated by first estimating the effective tax rate after the application of tax effect accounting with respect to income before income taxes and minority interests during the fiscal year in which the quarter under review falls, and multiplying that rate by the income before income taxes and minority interests for the quarter under review. However, the Company uses the statutory effective tax rate to calculate tax expenses for cases in which using estimated tax rate gives a noticeably irrational result.

(3) Changes in Accounting Policies and Accounting-based Estimates, and Restatements

The Company has applied the “Accounting Standard for Retirement Benefits” (Accounting Standards Board of Japan (ASBJ) Statement No. 26, May 17, 2012) and the “Guidance on Accounting Standard for Retirement Benefits” (ASBJ Guidance No. 25, March 26, 2015) from the first quarter of the current fiscal year, for provisions set forth in the main clauses of Paragraph 35 of the Accounting Standard for Retirement Benefits and Paragraph 67 of the Guidance on Accounting Standard for Retirement Benefits. Accordingly, the Company reviewed the methods for calculating retirement benefit obligations and service costs, and revised the method of attributing estimated retirement benefit obligations to periods from the straight-line basis to the benefit formula basis, and revised the method of determining the discount rate from the method using the approximate number of years of expected average length of remaining service period of employees to the method using a single weighted average discount rate reflecting the estimated period and amount of benefit payment.

For the application of these accounting standards, etc. in accordance with the transitional accounting treatments set forth in Paragraph 37 of the Accounting Standard for Retirement Benefits, the adjustments associated with the change in calculation methods of retirement benefit obligations and service costs are recorded in retained earnings at the beginning of the first half of the current fiscal year.

The result was an increase of 4,112 thousand yen in net defined benefit liability, and a decrease of 2,782 thousand yen in retained earnings at the beginning of the first half of the current fiscal year. The effect of this change on operating income, ordinary income and income before income taxes and minority interests in the first half of the current fiscal year is insignificant.

3. Important Information about Going Concern Assumption

Not applicable.

4. Quarterly Consolidated Financial Statements**(1) Quarterly Consolidated Balance Sheet**

	(Thousands of yen)	
	FY2/15 (As of Feb. 28, 2015)	Second quarter of FY2/16 (As of Aug. 31, 2015)
Assets		
Current assets		
Cash and deposits	4,870,566	4,640,600
Notes and accounts receivable-trade	5,266,889	4,384,519
Electronically recorded monetary claims-operating	5,578	149,477
Merchandise and finished goods	296,478	417,138
Work in process	931,971	1,966,285
Raw materials and supplies	543,437	496,675
Prepaid expenses	120,830	108,741
Deferred tax assets	256,424	304,530
Other	527,353	480,310
Allowance for doubtful accounts	(37,370)	(37,959)
Total current assets	12,782,160	12,910,319
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,084,608	1,275,715
Land	1,330,712	1,331,063
Other, net	988,415	693,844
Total property, plant and equipment	3,403,736	3,300,624
Intangible assets		
Goodwill	-	88,362
Other	146,911	127,738
Total intangible assets	146,911	216,100
Investments and other assets		
Deferred tax assets	137,768	135,167
Other	812,272	805,768
Allowance for doubtful accounts	(5,400)	(5,400)
Total investments and other assets	944,640	935,536
Total non-current assets	4,495,288	4,452,261
Total assets	17,277,448	17,362,580
Liabilities		
Current liabilities		
Notes and accounts payable-trade	1,833,333	2,251,550
Electronically recorded obligations-operating	953,608	670,926
Income taxes payable	332,544	212,659
Advances received	1,242,586	1,978,768
Provision for bonuses	233,683	160,062
Provision for directors' bonuses	59,000	52,500
Other	772,480	554,872
Total current liabilities	5,427,236	5,881,339
Non-current liabilities		
Net defined benefit liability	187,425	179,369
Negative goodwill	18,862	14,964
Asset retirement obligations	15,555	15,710
Other	448,129	420,790
Total non-current liabilities	669,973	630,835
Total liabilities	6,097,209	6,512,174

	(Thousands of yen)	
	FY2/15 (As of Feb. 28, 2015)	Second quarter of FY2/16 (As of Aug. 31, 2015)
Net assets		
Shareholders' equity		
Capital stock	1,035,600	1,035,600
Capital surplus	1,280,522	1,280,522
Retained earnings	8,816,001	8,678,190
Treasury shares	(201,313)	(201,313)
Total shareholders' equity	10,930,810	10,792,998
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	34,183	54,026
Foreign currency translation adjustment	34,187	14,480
Remeasurements of defined benefit plans	(11,208)	(11,101)
Total accumulated other comprehensive income	57,162	57,406
Minority interests	192,266	-
Total net assets	11,180,239	10,850,405
Total liabilities and net assets	17,277,448	17,362,580

(2) Quarterly Consolidated Statements of Income and Comprehensive Income**Quarterly Consolidated Statement of Income****(For the Six-month Period)**

(Thousands of yen)

	First six months of FY2/15 (Mar. 1, 2014 – Aug. 31, 2014)	First six months of FY2/16 (Mar. 1, 2015 – Aug. 31, 2015)
Net sales	7,371,922	7,697,419
Cost of sales	5,201,333	5,266,419
Gross profit	2,170,589	2,431,000
Selling, general and administrative expenses	2,069,510	2,232,108
Operating income	101,078	198,892
Non-operating income		
Interest income	573	742
Technical support fee	5,957	9,916
Insurance premiums refunded cancellation	13,570	17,238
Foreign exchange gains	4,709	5,482
Amortization of negative goodwill	3,897	3,897
Other	16,234	18,116
Total non-operating income	44,942	55,394
Non-operating expenses		
Interest expenses	2,419	1,934
Provision of allowance for doubtful accounts	1,425	-
Other	1,095	122
Total non-operating expenses	4,939	2,056
Ordinary income	141,081	252,229
Extraordinary income		
Gain on sales of non-current assets	2,360	859
Total extraordinary income	2,360	859
Extraordinary losses		
Loss on sales of non-current assets	375	-
Loss on retirement of non-current assets	2,247	3,236
Total extraordinary losses	2,622	3,236
Income before income taxes and minority interests	140,819	249,853
Income taxes	104,720	132,951
Income before minority interests	36,098	116,901
Minority interests in loss	(5)	(6,738)
Net income	36,104	123,639

Quarterly Consolidated Statement of Comprehensive Income**(For the Six-month Period)**

(Thousands of yen)

	First six months of FY2/15 (Mar. 1, 2014 – Aug. 31, 2014)	First six months of FY2/16 (Mar. 1, 2015 – Aug. 31, 2015)
Income before minority interests	36,098	116,901
Other comprehensive income		
Valuation difference on available-for-sale securities	2,781	19,843
Foreign currency translation adjustment	(107,636)	(16,797)
Remeasurements of defined benefit plans, net of tax	-	107
Total other comprehensive income	(104,854)	3,153
Comprehensive income	(68,755)	120,055
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(62,919)	123,883
Comprehensive income attributable to minority interests	(5,836)	(3,828)

(3) Quarterly Consolidated Statement of Cash Flows

(Thousands of yen)

	First six months of FY2/15 (Mar. 1, 2014 – Aug. 31, 2014)	First six months of FY2/16 (Mar. 1, 2015 – Aug. 31, 2015)
Cash flows from operating activities		
Income before income taxes and minority interests	140,819	249,853
Depreciation	153,743	163,759
Increase (decrease) in provision for bonuses	(33,495)	(73,932)
Increase (decrease) in provision for directors' bonuses	(40,000)	(6,500)
Increase (decrease) in allowance for doubtful accounts	(6,221)	-
Interest and dividend income	(4,220)	(4,532)
Interest expenses	2,419	1,934
Foreign exchange losses (gains)	(4,872)	(6,167)
Loss (gain) on sales of property, plant and equipment	(1,984)	(859)
Loss (gain) on cancellation of insurance contract	(13,570)	(17,238)
Decrease (increase) in notes and accounts receivable-trade	(112,170)	743,475
Decrease (increase) in inventories	(657,749)	(1,045,469)
Decrease (increase) in other assets	(216,671)	65,967
Increase (decrease) in notes and accounts payable-trade	(56,950)	165,756
Increase (decrease) in advances received	344,079	716,863
Increase (decrease) in other liabilities	(424)	(179,994)
Other, net	(1,498)	(506)
Subtotal	(508,769)	772,408
Interest and dividend income received	4,220	4,532
Interest expenses paid	(2,419)	(1,934)
Income taxes refund	24,999	10,245
Income taxes paid	(164,016)	(313,147)
Net cash provided by (used in) operating activities	(645,985)	472,104
Cash flows from investing activities		
Payments into time deposits	(212,336)	-
Proceeds from withdrawal of time deposits	196,588	107,280
Purchase of property, plant and equipment	(111,255)	(160,877)
Proceeds from sales of property, plant and equipment	666	-
Purchase of intangible assets	(14,441)	(955)
Purchase of investment securities	(1,041)	(1,107)
Payment for purchase of shares of subsidiaries from minority shareholders	-	(264,189)
Purchase of insurance funds	(4,171)	(1,242)
Proceeds from cancellation of insurance funds	43,118	42,940
Payments for guarantee deposits	(3,456)	-
Proceeds from collection of guarantee deposits	19,853	100
Repayments of guarantee deposits received	(285)	-
Payments for asset retirement obligations	(22,000)	-
Net cash provided by (used in) investing activities	(108,761)	(278,051)

(Thousands of yen)

	First six months of FY2/15 (Mar. 1, 2014 – Aug. 31, 2014)	First six months of FY2/16 (Mar. 1, 2015 – Aug. 31, 2015)
Cash flows from financing activities		
Repayments of lease obligations	(32,762)	(31,279)
Cash dividends paid	(215,217)	(257,883)
Cash dividends paid to minority shareholders	(5,801)	(10,615)
Purchase of treasury shares	(44)	-
Net cash provided by (used in) financing activities	(253,826)	(299,778)
Effect of exchange rate change on cash and cash equivalents	(18,970)	6,024
Net increase (decrease) in cash and cash equivalents	(1,027,544)	(99,700)
Cash and cash equivalents at beginning of period	4,107,398	4,548,178
Cash and cash equivalents at end of period	3,079,854	4,448,478

(4) Notes to Quarterly Consolidated Financial Statements**Going Concern Assumption**

Not applicable.

Significant Changes in Shareholders' Equity

Not applicable.

Segment and Other Information**Segment information**

I First six months of FY2/15 (Mar. 1, 2014 – Aug. 31, 2014)

1. Information related to net sales and profit or loss for each reportable segment (Thousands of yen)

	Machinery Business	Chemical and Food Business	Total	Adjustment (Note 1)	Amounts shown on quarterly consolidated statement of income (Note 2)
Net sales					
(1) External sales	4,043,786	3,328,135	7,371,922	-	7,371,922
(2) Inter-segment sales and transfers	-	-	-	-	-
Total	4,043,786	3,328,135	7,371,922	-	7,371,922
Segment profit	125,290	193,240	318,531	(217,452)	101,078

Notes: 1. Contents of adjustments are as follows.

The negative adjustment of 217,452 thousand yen to segment profit includes corporate expenses that are not allocated to any of the reportable segments. Corporate expenses mainly consist of general and administrative expenses that are not attributable to any of the reportable segments.

2. Segment profit is adjusted to be consistent with operating income recorded in the quarterly consolidated statement of income.

2. Information related to impairment losses on non-current assets, goodwill, etc. for each reportable segment

Not applicable.

3. Information by region**Net sales**

In addition to the disclosure of information required by “Accounting Standard for Quarterly Financial Statements,” the Company provides information (net sales) by region based on “Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” for the purpose of providing investors with useful information.

(Thousands of yen)

Japan	North America	Europe	Other	Total
5,871,277	696,989	109,814	693,840	7,371,922

Notes: 1. Classification of net sales is based on the location of the client and categorized by country or region.

2. Groupings of countries and regions other than Japan are determined by geographic proximity and mutual operational relationships. Major countries and regions in each geographic segment are as follows.

- (1) North America: USA and Canada
- (2) Europe: France, UK, etc.
- (3) Other: Latin America, Asia, etc.

II First six months of FY2/16 (Mar. 1, 2015 – Aug. 31, 2015)

1. Information related to net sales and profit or loss for each reportable segment (Thousands of yen)

	Machinery Business	Chemical and Food Business	Total	Adjustment (Note 1)	Amounts shown on quarterly consolidated statement of income (Note 2)
Net sales					
(1) External sales	4,992,672	2,704,747	7,697,419	-	7,697,419
(2) Inter-segment sales and transfers	-	-	-	-	-
Total	4,992,672	2,704,747	7,697,419	-	7,697,419
Segment profit	152,314	219,599	371,913	(173,021)	198,892

Notes: 1. Contents of adjustments are as follows.

The negative adjustment of 173,021 thousand yen to segment profit includes corporate expenses that are not allocated to any of the reportable segments. Corporate expenses mainly consist of general and administrative expenses that are not attributable to any of the reportable segments.

2. Segment profit is adjusted to be consistent with operating income recorded in the quarterly consolidated statement of income.

2. Information related to impairment losses on non-current assets, goodwill, etc. for each reportable segment

Goodwill of 88,362 thousand yen was booked in the Machinery Business as the Company has acquired the share of Freund-Vector Corporation from minority shareholders and made this company a wholly owned subsidiary in the second quarter of FY2/16.

3. Information by region

Net sales

In addition to the disclosure of information required by “Accounting Standard for Quarterly Financial Statements,” the Company provides information (net sales) by region based on “Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” for the purpose of providing investors with useful information.

(Thousands of yen)

Japan	North America	Latin America	Europe	Other	Total
6,044,122	559,743	257,341	331,564	504,647	7,697,419

Notes: 1. Classification of net sales is based on the location of the client and categorized by country or region.

2. Groupings of countries and regions other than Japan are determined by geographic proximity and mutual operational relationships. Major countries and regions in each geographic segment are as follows.

Beginning with the end of FY2/15, net sales included in “Other” in prior periods were divided into “Latin America” and “Other” in association with revisions to administrative segments.

(1) North America: USA and Canada

(2) Latin America: Brazil, etc.

(3) Europe: France, UK, etc.

(4) Other: Asia, etc.

5. Supplementary Information

Orders and Sales

(1) Orders received (Thousands of yen)

Operating segment	First six months of FY2/15 (Mar. 1, 2014 – Aug. 31, 2014)		First six months of FY2/16 (Mar. 1, 2015 – Aug. 31, 2015)	
	Amount	Year-on-year (%)	Amount	Year-on-year (%)
Machinery Business	6,198,079	112.3	6,733,370	108.6
Chemical and Food Business	1,138,154	90.2	1,140,288	100.2
Total	7,336,233	108.2	7,873,659	107.3

Notes: 1. Orders received in the Chemical and Food Business do not include pharmaceutical excipients and food preservatives, which are manufactured based on sales plans rather than specific orders.

2. Orders received are based on selling prices; inter-segment transactions have been eliminated.

3. Orders received do not include consumption taxes.

(2) Order backlog (Thousands of yen)

Operating segment	First six months of FY2/15 (Mar. 1, 2014 – Aug. 31, 2014)		First six months of FY2/16 (Mar. 1, 2015 – Aug. 31, 2015)	
	Amount	Year-on-year (%)	Amount	Year-on-year (%)
Machinery Business	7,235,447	135.8	8,676,372	119.9
Chemical and Food Business	377,315	69.9	497,170	131.8
Total	7,612,762	129.7	9,173,542	120.5

Notes: 1. Order backlog in the Chemical and Food Business do not include pharmaceutical excipients and food preservatives, which are manufactured based on sales plans rather than specific orders.

2. Order backlog is based on selling prices; inter-segment transactions have been eliminated.

3. Order backlog does not include consumption taxes.

(3) Sales (Thousands of yen)

Operating segment	First six months of FY2/15 (Mar. 1, 2014 – Aug. 31, 2014)		First six months of FY2/16 (Mar. 1, 2015 – Aug. 31, 2015)	
	Amount	Composition (%)	Amount	Composition (%)
Machinery Business	4,043,786	54.9	4,992,672	64.9
Chemical and Food Business	3,328,135	45.1	2,704,747	35.1
Total	7,371,922	100.0	7,697,419	100.0

Notes: 1. Sales are based on selling prices; inter-segment transactions have been eliminated.

2. Sales do not include consumption taxes.

This summary report is solely a translation of “Kessan Tanshin” (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.