Hitachi Construction Machinery Co., Ltd.

Financial Results for the first Quarter

Ended June 30, 2014

Consolidated Financial Results for the First Quarter Ended June 30, 2014 (Japan GAAP)

July 29, 2014

Listed company: Hitachi Construction Machinery Co., Ltd. (HCM)
Stock exchange: Tokyo (first section)　Code number: 6305
URL http://www.hitachi-c-m.com/
Representative: Yuichi Tsujimoto, President and Chief Executive Officer
Scheduled date for submission of the Quarterly Securities Report: August 7, 2014
Scheduled date of commencement of payment of dividends: —
Supplementary materials to the financial statements have been prepared: Yes
Presentation will be held to explain the financial statements: Yes (for institutional investors, analysts and journalists)
U.S. Accounting Standards are not applied.

1. Consolidated results for the first quarter ended June 2014 (April 1, 2014 to June 30, 2014)

(1) Consolidated results (Rounded off to the nearest million)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
June 30, 2014	187,699	0.6	11,573	21.1	11,133	296.3	5,565	-
June 30, 2013	186,557	(7.0)	9,559	(27.9)	2,809	(63.2)	(1,105)	-

Note: Comprehensive income　June 2014: ¥5,604 million (-38.2%)　June 2013: ¥9,065 million (-%)

	Net income per share	Net income per share (Diluted)
	Yen	Yen
June 30, 2014	26.19	26.18
June 30, 2013	(5.21)	-

References: Percentages indicated for net sales, operating income, ordinary income and net income are increases (decreases) compared with the previous fiscal year.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
June 30, 2014	1,051,269	447,638	36.9
March 31, 2014	1,087,191	447,640	35.7

Reference: Total equity　June 2014: ¥387,424 million　June 2013: ¥388,381 million

2. Dividends status

	Cash dividends per share				
	First Quarter	Second Quarter	Third Quarter	Year end	Total
	Yen	Yen	Yen	Yen	Yen
March 31, 2014	—	25.00	—	25.00	50.00
March 31, 2015	—				
March 31, 2015 (Projection)		30.00	—	30.00	60.00

Note: Changes involving the dividend states for the fiscal year ending March 2015: None

3. Projected consolidated results for the fiscal year ending March 2015 (April 1, 2014 to March 31, 2015)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
September 30, 2014 (Interim)	365,000	(2.3)	22,000	(12.1)	21,000	25.4	10,000	(6.5)	47.5
March 31, 2015	740,000	(7.8)	60,000	(13.2)	55,000	2.5	30,000	3.7	141.16

Notes: 1) The percentages indicated show changes from the same period of the previous fiscal year.
2) Changes in consolidated earnings forecast: Yes
For more information, please refer to the Notice of Revised Earnings Forecasts published today (July 29, 2014).

(English translation of "KESSAN TANSHIN" originally issued in the Japanese language.)

4. Others

(1) Significant changes involving subsidiaries during the fiscal year (changes involving specific subsidiaries accompanying changes in the scope of consolidation): None

(2) Application of a special accounting method: Yes

Note:
Please refer to ‘‘2. Notes on Summary Information, (2) Application of a special accounting method’ on page 7 of the attachment for conditions serving as assumptions for results forecasts.

(3) Changes in accounting policies; changes in accounting estimates; restatements

[1] Changes in the accompanying revision of accounting policies	None
[2] Changes other than those in [1]	None
[3] Changes in accounting estimates	None
[4] Restatements	None

(4) Number of outstanding shares (common shares)

[1] Number of outstanding shares at fiscal year-end (including treasury shares)

June 2014:	215,115,038	March 2014:	215,115,038

[2] Number of treasury shares at fiscal year-end

June 2014:	2,582,040	March 2014:	2,605,021

[3] Average number of common shares outstanding during the fiscal year (shares)

June 2014:	212,519,111	June 2014:	212,281,449

Notes)

Indication of audit procedure implementation status

This earnings report is exempt from audit procedure based upon the Financial Instruments and Exchange Act. It is under the audit procedure process at the time of disclosure of this report.

Explanation on the appropriate use of results forecasts and other important items

Any forward-looking statements in the report, including results forecasts, are based on certain assumptions that were deemed rational as well as information currently available to the Company at this time. However, various factors could cause actual results to differ materially. Please refer to ‘‘1. Qualitative Information concerning Consolidated Business Performance, (3) Explanation of Future Forecast Information concerning Consolidated Earnings Forecasts’ on page 6 of the attachment for conditions serving as assumptions for results forecasts.

Index of the Attachment

(English translation of “KESSAN TANSHIN” originally issued in the Japanese language.)

1. Qualitative Information concerning Consolidated Business Performance

(1) Explanation Concerning Financial Results

[1] Overview of Business Results

In the international economy during the consolidated cumulative first quarter under review (April 1, 2014 to June 30, 2014), the US economy gradually recovered through increased consumption and production. The European economy has continued to be revived, although the pace has slowed. The Japanese economy has maintained a gradual recovery, despite being temporarily affected by an increased consumption tax. In China, the economic stimulus policies implemented by the government have curbed the economic downturn. In Southeast Asia and India, economies have remained sluggish, due to reasons such as regime changes, and political instability.

With respect to the construction machinery market, mainly for hydraulic excavators, demand in Japan decreased year-on-year as a reaction to last-minute demand in anticipation of new emissions regulations. Demands has expanded in Europe and continues to be brisk in North America, whereas demand in China has declined significantly, primarily due to the slowdown in real estate investment. Demand in Southeast Asia and India has also significantly declined.

As for the mining machinery market, demand for mining machinery in regions such as the Americas, Indonesia and Australia remain sluggish, due to reduction in prices of resources and investment restraint by resource companies.

Under these circumstances, the HCM Group strove to establish a global management support scheme, increase its share, lower the costs and improve business efficiency to secure profits.

As for the construction machinery, we globally launched the new service menu called “ConSite” that provides comprehensive support to customers for their machines, and have been expanding our parts and service business. To expand sales in Japan, we introduced the new model machinery that responds to the emissions regulations and achieved higher fuel-efficiency, better safety and improved operating performance. Furthermore, we enhanced the consistency of the “RSS” (Rental, Sales and Service) operations to increase orders and improve customer satisfaction. Overseas, we strove to establish a global production and supply system that includes preparation for full-scale mass production at our new plants in Russia and Brazil, and to strengthen cooperation with dealers.

For mining machinery, we are proceeding with the establishment of an advanced customer support system including the enhancement of ICT solutions to optimize the management of mining machinery.

Consequently, consolidated net sales increased by 1% year-on-year to ¥187,699 million. Operating income and ordinary income also increased by 21% and 296% year-on-year, to ¥11,573 million and ¥11,133 million, respectively.

The following table summarizes the consolidated results for this term ended June 2014.

(Millions of yen; %)

	June 2014 (A)	June 2013 (B)	Year-on-year change	
			(A)-(B) Increase	(A)/(B)-1 (%)
Net sales	187,699	186,557	1,142	0.6
Operating income	11,573	9,559	2,014	21.1
Ordinary income	11,133	2,809	8,324	296.3
Net income	5,565	(1,105)	6,670	-

(Rounded off to the nearest million)

[2] Overview of Consolidated Sales by Regional Segment

[Japan]
Construction machinery demand has fallen due to fewer housing starts despite brisk public investment and in reaction to last minute demands before the emissions regulations.

Under such circumstances, the Hitachi Construction Machinery Japan Co., Ltd. promoted expansion of the customer base and sales for multiple divisions of “RSS” (Rental, Sales and Service) by consistently conducting RSS operations to respond to various customers’ needs. In addition, we worked toward expanding sales of a new type of machine, which meets the new emission regulations and achieves further fuel efficiency.

Consolidated net sales decreased by 3% year-on-year to ¥40,990 million.

[The Americas]
Construction machinery demand in North America was brisk, due to recovery in capital investment and an increase in housing and pipeline construction; however, overall demand in the Americas as a whole remained flat. Mining machinery demand fell, due to the downturn in resource prices.

Under such circumstances, we strove to expand sales of emission regulations responsive machine in collaboration with Deere in North America; in South America, we proceeded with preparations for mass production at Deere-Hitachi Brazil; as well as promoted sales expansion in the Brazilian market where we developed a sales framework.

Consolidated net sales increased by 2% year-on-year to ¥23,793 million.

[Europe]
Demand for construction machinery market in Europe, particularly in the UK, Germany, France, and Scandinavia, has increased and Southern European countries have shown a recovery trend.

Under these circumstances, we focused on expanding sales by proactively marketing fuel-efficient hydraulic excavators and wheel loaders, as well as providing dealers with further meticulous support services. Consequently, consolidated net sales increased by 25% year-on-year to ¥22,176 million.

[Russia-CIS, Africa and the Middle East]
In Russia, although construction machinery demand is slowing down due to factors such as a decrease in construction investment, we strove to expand sales of construction and mining machinery by continuously providing dealer support via Hitachi Construction Machinery Eurasia Sales LLC. In addition, our new plant in Russia started shipping locally produced hydraulic excavators in June and is proceeding with preparations for full-scale mass production.

In Africa, we exerted ourselves to expand sales of mining machinery mainly in South Africa, and reinforced the sales and service for construction-related machinery in conjunction with dealers in Northwest Africa.

In the Middle East, we continuously focused on increasing sales mainly from infrastructure-related projects of Turkey and the Gulf countries.

Net sales for each region rose significantly year-on-year and consolidated net sales amounted to ¥24,754 million, an increase of 50% year-on-year.

[Asia and Oceania]
In Indonesia and Australia, both resource-rich countries, mining machinery demand continued to decrease significantly. Construction machinery demand has also decreased continuously in Indonesia, Thailand, and Australia. Under such circumstances, we strove to enhance the marketing capabilities of the dealers by comprehensive deployment of a sales support system etc.

In India, despite expectations on policy effects of the new government, infrastructure investment is still stagnant, and construction machinery demand has been sluggish. Under such circumstances, Tata Hitachi Construction Machinery Co, Ltd. strove to expand sales of the new type of machine.

Consolidated net sales decreased by 9% year-on-year to ¥49,924 million.

[China]

Although economic-stimulus measures such as railway construction were implemented, construction machinery demand has significantly decreased due to factors such as the slowdown of the real estate investment growth rate.

Under these circumstances, the HCM Group strove to expand sales of both machinery and parts by implementing a full-scale service and parts sales management system, and enhancing collaborative relationships with dealers using the "Global e-Service" system.

Consolidated net sales decreased by 19% year-on-year to ¥26,062 million.

The following table summarizes consolidated net sales by geographic area:

(Millions of yen)
(Rounded off to the nearest million)

	Current fiscal year (April 1,2014- June 30, 2014)		Previous fiscal year (April 1,2013- June 30, 2013)		Increase (Decrease)	
	Net Sales (A)	Proportion (%)	Net Sales (B)	Proportion (%)	Amount of change (A)-(B)	% Change (A)/(B)-1
The Americas	23,793	12.7	23,401	12.5	392	1.7
Europe	22,176	11.8	17,675	9.5	4,501	25.5
Russia-CIS, Africa and the Middle East	24,754	13.2	16,537	8.9	8,217	49.7
Asia and Oceania	49,924	26.6	54,726	29.3	(4,802)	(8.8)
China	26,062	13.9	32,051	17.2	(5,989)	(18.7)
Sub-total	146,709	78.2	144,390	77.4	2,319	1.6
Japan	40,990	21.8	42,167	22.6	(1,177)	(2.8)
Total	187,699	100.0	186,557	100.0	1,142	0.6

(2) Explanation concerning Financial Position

[1] Status of Assets, Liabilities and Net Assets

(a) Assets

Current assets at the end of the first quarter amounted to ¥685,459 million, a decrease of 4.7%, or ¥33,478 million, from the previous fiscal year-end. This was primarily due to a decrease of ¥35,555 million in total accounts receivables (notes and accounts receivable, lease receivable and investment assets).

Fixed assets decreased 0.7% or ¥2,444 million, from the previous fiscal year-end, to ¥365,810 million.

As a result, total assets decreased 3.3% or ¥35,922 million from the previous fiscal year-end, to ¥1,051,269 million.

(b) Liabilities

Current liabilities at the end of the first quarter amounted to ¥378,376 million, a decrease of 15.3%, or ¥68,584 million, from the previous fiscal year-end. This was mainly due to a decrease of ¥30,000 million in corporate bonds redeemable within one year and a decrease of ¥20,383 million in short-term loans.

Non-current liabilities increased by 17.0%, or ¥32,664 million, from the previous fiscal year-end, to ¥225,255 million. This was mainly due to an increase of ¥40,000 million in corporate bonds.

As a result, total liabilities decreased 5.6% or ¥35,920 million from the previous fiscal year-end to ¥603,631 million.

(c) Net Assets

Net assets decreased [0.0%] or ¥2 million from the previous fiscal year-end to ¥447,638 million.

[2] Analysis on Status of Consolidated Cash Flows

Cash and cash equivalents at the end of the first quarter totaled ¥51,971 million, a decrease of ¥1,705 million from the beginning of the current fiscal year. Factors related to each cash flow category are as follows:

(Cash Flows from Operating Activities)

Regarding net cash provided by operating activities in the consolidated cumulative first quarter, factors that increased cash included ¥11,133 million in income before income taxes and minority interests, ¥10,006 million in depreciation and amortization, and ¥31,316 million decrease in total notes and accounts receivables, including lease receivables. Factors that reduced cash included a ¥4,929 million yen decrease in notes and accounts payable, an expenditure of ¥3,344 million for the acquisition of commercial property for rent, and ¥10,808 million of income taxes paid, etc.

As a result, net cash provided by operating activities in the consolidated cumulative first quarter totaled ¥26,751 million, an increase of ¥7,440 million compared with the consolidated cumulative first quarter of the previous fiscal year.

(Cash Flows from Investing Activities)

Net cash used in investing activities in the consolidated cumulative first quarter amounted to ¥4,784 million, mainly due to an outlay of ¥4,866 million for the acquisition of tangible assets, representing a decrease of ¥13,551 million compared with the consolidated cumulative first quarter of the previous fiscal year.

As a result, free cash flows, the sum of cash flows from operating activities and cash flows from investing activities, amounted to an inflow of ¥21,967 million.

(Cash Flows from Financing Activities)

Net cash used in financing activities totaled ¥23,277 million in the consolidated cumulative first quarter, an increase of ¥18,294 million compared with the consolidated cumulative first quarter of the previous fiscal year. This was due mainly to a net decrease of ¥23,374 million in short-term loans, an outlay of ¥30,000 million for redemption of the corporate bonds, ¥39,821 million received by issuance of corporate bond, ¥6,043 million in dividends paid, etc.

(3) Explanation of Future Forecast Information concerning Consolidated Earnings Forecasts

As for consolidated earnings forecasts for Fiscal 2014 (from April 1, 2014 to March 31, 2015), considering that demand for hydraulic excavators in the China, Asia and Oceania regions remains bearish, we forecast demand of 193,000 units, a decrease by 9%, or 17,000 units year-on-year, compared with the previous forecast. The demand for mining machinery is also forecast to fall below the previous fiscal year, due to continuous cutbacks in capital investment by resource companies.

Therefore, in accordance with changes in construction machinery market environment surrounding the Company described above, we would revise the earnings forecasts.

For more information, please refer to the Notice of Revised Earnings Forecasts published today (July 29, 2014).

2. Notes on Summary Information

(1) Important changes in the scope of the consolidation during period: None

(2) Application of a special accounting method

Standard used to calculate income taxes

Tax expenses are calculated by making a reasonable estimation of the effective tax rate on income before income taxes and minority interests for the fiscal year including the first quarter after the application of deferred tax accounting and applying the estimated effective tax rate to the quarterly income before income taxes and minority interests. However, if the result turns out to be unreasonable, the effective statutory tax rate shall be applied.

Income tax adjustments are included in the income tax account stated in the Consolidated Statements of Income.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	First quarter (As of Jun. 30, 2014 (A))	Previous fiscal year-end (As of Mar. 31, 2014 (B))	(A)-(B)
ASSETS			
Current assets			
Cash and bank deposits	48,061	53,353	(5,292)
Notes and accounts receivable	181,424	212,585	(31,161)
Lease receivables and investment assets	85,639	90,033	(4,394)
Merchandise and manufactured goods	245,252	248,586	(3,334)
Work in process	50,596	51,059	(463)
Materials and supplies	23,543	21,627	1,916
Deferred tax assets	12,398	11,186	1,212
Other	47,715	40,208	7,507
Less: Allowance for doubtful accounts	(9,169)	(9,700)	531
Total current assets	685,459	718,937	(33,478)
Non-current assets			
Property, plant and equipment			
Property held for lease (net)	49,364	49,320	44
Buildings and structures (net)	94,148	95,699	(1,551)
Machinery, equipment and vehicles (net)	66,677	68,358	(1,681)
Tools, furniture and fixtures (net)	6,187	6,265	(78)
Land	56,864	57,760	(896)
Construction in progress	12,270	11,545	725
Net property, plant and equipment	285,510	288,947	(3,437)
Intangible assets			
Software	12,170	12,793	(623)
Goodwill	3,925	5,224	(1,299)
Other	4,605	4,710	(105)
Total intangible assets	20,700	22,727	(2,027)
Investments and other assets			
Investments in securities	35,671	33,345	2,326
Deferred tax assets	6,388	6,222	166
Net defined benefit asset	783	452	331
Other	17,084	16,896	188
Less: Allowance for doubtful accounts	(326)	(335)	9
Total investments and other assets	59,600	56,580	3,020
Total non-current assets	365,810	368,254	(2,444)
Total assets	1,051,269	1,087,191	(35,922)

(Rounded off to the nearest million)

(Millions of yen)

	First quarter (As of Jun. 30, 2014 (A))	Previous fiscal year-end (As of Mar. 31, 2014 (B))	(A)-(B)
LIABILITIES			
Current liabilities			
Notes and accounts payable	136,766	143,134	(6,368)
Short-term loans	161,418	181,801	(20,383)
Current portion of bonds	-	30,000	(30,000)
Income taxes payable	5,594	8,699	(3,105)
Other	74,598	83,326	(8,728)
Total current liabilities	378,376	446,960	(68,584)
Non-current liabilities			
Bonds	60,000	20,000	40,000
Long-term loans	125,332	131,610	(6,278)
Lease obligations	15,579	15,942	(363)
Net defined benefit liability	12,006	12,563	(557)
Other	12,338	12,476	(138)
Total non-current liabilities	225,255	192,591	32,664
Total liabilities	603,631	639,551	(35,920)
Net assets			
Shareholders' equity			
Common stock	81,577	81,577	−
Capital surplus	84,897	84,893	4
Retained earnings	220,374	220,122	252
Treasury stock	(3,209)	(3,237)	28
Total shareholders' equity	383,639	383,355	284
Accumulated other comprehensive income			
Net unrealized gains on securities	4,412	3,746	666
Deferred losses(gains) on hedges	316	(282)	598
Foreign currency translation adjustments	11,054	14,058	(3,004)
Remeasurements of defined benefit plans	(11,997)	(12,496)	499
Total accumulated other comprehensive income	3,785	5,026	(1,241)
Subscription rights to shares	766	766	−
Minority interests	59,448	58,493	955
Total net assets	447,638	447,640	(2)
Total liabilities and net assets	1,051,269	1,087,191	(35,922)

(Rounded off to the nearest million)

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Millions of yen)

	First quarter (Three months ended Jun. 30, 2014 (A))	First quarter (Three months ended Jun. 30, 2013 (B))	(A)/(B)×100 (%)
			%
Net sales	187,699	186,557	101
Cost of sales	138,304	138,318	100
Gross profit	49,395	48,239	102
Selling, general and administrative expenses			
Packing and shipping expenses	4,671	4,165	112
Employees' salaries	10,320	9,754	106
R&D expenses	3,950	3,961	100
Other	18,881	20,800	91
Total selling, general and administrative expenses	37,822	38,680	98
Operating income	11,573	9,559	121
Non-operating income			
Interest income	774	753	103
Interest income from installment sales	154	73	211
Dividends income	139	138	101
Gains on equity in earnings of affiliated companies	435	-	-
Foreign exchange gains, net	152	-	-
Other	744	1,099	68
Total non-operating income	2,398	2,063	116
Non-operating expenses			
Interest expenses	1,992	2,508	79
Foreign exchange losses, net	-	5,800	-
Losses on equity in earnings of affiliated companies	-	136	-
Other	846	369	229
Total non-operating expenses	2,838	8,813	32
Ordinary income	11,133	2,809	396
Extraordinary Income			
Gains on sales of subsidiaries and affiliates' stocks	-	43	-
Total Extraordinary Income	-	43	-
Income before income taxes and minority interests	11,133	2,852	390
Total income tax	3,633	1,912	190
Income before minority interests	7,500	940	798
Minority interests	1,935	2,045	95
Net income(loss)	5,565	(1,105)	-

(Rounded off to the nearest million)

Consolidated Statements of Comprehensive Income

(Millions of yen)

	First quarter (Three months ended Jun. 30, 2014 (A))	First quarter (Three months ended Jun. 30, 2013 (B))	(A)/(B)×100 (%)
			%
Income before minority interests	7,500	940	798
Other comprehensive income			
Net unrealized gains(losses) on securities	656	43	1,526
Deferred losses(gains) on hedges	557	776	72
Foreign currency translation adjustments	(2,970)	5,791	-
Remeasurements of defined benefit plans	346	203	170
Share of other comprehensive income of companies accounted for by the equity method	(485)	1,312	-
Total other comprehensive income	(1,896)	8,125	-
Comprehensive income	5,604	9,065	62
Comprehensive income attributable to shareholders of the Company	4,324	6,207	70
Comprehensive income attributable to minority interests	1,280	2,858	45

(Rounded off to the nearest million)

(3) Consolidated Statements of Cash Flows

(Millions of yen)

	First quarter [Three months ended Jun. 30, 2014 (A)]	First quarter [Three months ended Jun. 30, 2013 (B)]
Cash flows from operating activities		
Income before income taxes and minority interests	11,133	2,852
Depreciation and amortization	10,006	9,168
Changes in allowance for doubtful accounts	(346)	(220)
Interest and dividends income	(1,067)	(964)
Interest expenses	1,992	2,508
Losses(gains) on equity in earnings of affiliated companies	(435)	136
Decrease(increase) in notes and accounts receivable	28,833	31,235
Decrease(increase) in lease receivables and investment assets	2,483	7,503
Decrease(increase) in inventories	(138)	(2,105)
Purchase of property held for lease	(3,344)	(3,204)
Sales of property held for lease	1,436	751
Increase(decrease) in notes and accounts payable	(4,929)	(12,455)
Losses(gains) on sales of property, plant and equipment	(679)	(641)
Other, net	(7,386)	(5,408)
Sub-total	37,559	29,156
Income taxes paid	(10,808)	(9,845)
Net cash provided by (used in) operating activities	26,751	19,311
Cash flows from investing activities		
Proceeds from sales of property, plant and equipment	984	207
Purchase of property, plant and equipment	(4,866)	(15,412)
Purchase of intangible assets	(497)	(641)
Purchase of investment securities	(1,167)	(2,587)
Payments for sales of investments in subsidiaries resulting in change in scope of consolidation	-	(851)
Interest and dividends received	1,092	953
Other, net	(330)	(4)
Net cash provided by (used in) investing activities	(4,784)	(18,335)
Cash flows from financing activities		
Net increase (decrease) in short-term loans	(23,374)	11,616
Proceeds from long-term loans	3,728	4,646
Repayments of long-term loans	(4,323)	(14,312)
Repayments of lease obligations	(855)	(194)
Proceeds from issuance of bonds	39,821	-
Redemption of bonds	(30,000)	-
Interest paid	(2,263)	(2,390)
Dividends paid to shareholders	(5,315)	(4,243)
Dividends paid to minority shareholders by subsidiaries	(728)	(179)
Proceeds from disposal of treasury stock	33	75
Purchase of treasury stock	(1)	(2)
Net cash provided by (used in) financing activities	(23,277)	(4,983)
Effect of exchange rate changes on cash and cash equivalents	(395)	1,679
Net increase (decrease) in cash and cash equivalents	(1,705)	(2,328)
Cash and cash equivalents at beginning of year	53,676	66,622
Cash and cash equivalents at end of period	51,971	64,294

(Rounded off to the nearest million)

(4) Notes on Consolidated Financial Statements

Notes on the Preconditions for a Going Concern: None

Notes on Significant Fluctuations in Shareholders' Equity: None