

Hitachi Construction Machinery Co., Ltd.

Financial Results for the First Quarter
Ended June 30, 2015

Consolidated Financial Results for the First Quarter Ended June 30, 2015 (IFRS)

July 28, 2015

Listed company: Hitachi Construction Machinery Co., Ltd. (HCM)

Stock exchange: Tokyo (first section) Code number: 6305

URL <https://www.hitachim.com/global/>

Representative: Yuichi Tsujimoto, President and Chief Executive Officer

Scheduled date for submission of the Quarterly Securities Report: August 5, 2015

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)

1. Consolidated results for the first quarter ended June 2015 (April 1, 2015 to June 30, 2015)

(1) Consolidated results

(Rounded off to the nearest million)

	Revenue		Operating profit		Income before income taxes		Net income		Net income attributable to owners of the parent		Comprehensive income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
June 30, 2015	177,355	(5.5)	4,949	(62.6)	4,947	(62.2)	3,278	(53.7)	2,797	(46.9)	8,107	74.5
June 30, 2014	187,699	—	13,239	—	13,091	—	7,077	—	5,272	—	4,645	—

	Net income attributable to owners of the Parent per share (basic)	Net income attributable to owners of the Parent per share (diluted)
	Yen	Yen
June 30, 2015	13.16	13.16
June 30, 2014	24.81	24.80

References: Share of profits (losses) of investments accounted for using the equity method March 31, 2016 (1Q): ¥401 million March 31, 2015 (1Q): ¥496 million

“Net income attributable to owners of the Parent per share (basic)” and “Net income attributable to owners of the Parent per share (diluted)” are calculated based on “Net income attributable to owners of the parent”.

(2) Consolidated financial position

	Total assets	Total equity	Total equity attributable to owners of the parent	Equity attributable to owners of the parent ratio
	Millions of yen	Millions of yen	Millions of yen	%
June 30, 2015	1,042,225	498,509	431,334	41.4
March 31, 2015	1,064,673	497,902	431,227	40.5

2. Dividends status

	Cash dividends per share				
	First Quarter	Second Quarter	Third Quarter	Year end	Total
	Yen	Yen	Yen	Yen	Yen
March 31, 2014	—	30.00	—	30.00	60.00
March 31, 2015	—				
March 31, 2016 (Projection)		30.00	—	30.00	60.00

Note: Changes involving the dividend states for the fiscal year ending March 2016: None

3. Projected consolidated results for the fiscal year ending March 2016 (April 1, 2015 to March 31, 2016)

	Revenue		Operating profit		Income before income taxes		Net income attributable to owners of the parent		Net income attributable to owners of the parent per share (basic)
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
September 30, 2015 (Interim)	380,000	-	18,500	-	15,500	-	5,500	-	25.87
March 31, 2016	810,000	(0.7)	54,000	(14.5)	49,000	(16.9)	27,000	3.8	127.00

Notes: 1) The percentages indicated show changes from the same period of the previous fiscal year.
2) Changes in consolidated earnings forecast: None

*Notes

(1) Important changes in the scope of the consolidation during period (changes involving specific subsidiaries accompanying changes in the scope of consolidation): None

(2) Changes in accounting policies; changes in accounting estimates

[1] Changes in accounting policies required by IFRS	None
[2] Changes in accounting policies other than those in [1]	None
[3] Changes in accounting estimates	None

(3) Number of outstanding shares (common shares)

[1] Number of outstanding shares at fiscal year-end (including treasury shares)		
	June 2015: 215,115,038	March 2015: 215,115,038
[2] Number of treasury shares at fiscal year-end		
	June 2015: 2,506,333	March 2015: 2,537,814
[3] Average number of common shares outstanding during the fiscal year (shares)		
	June 2015: 212,592,992	March 2015: 212,519,111

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.

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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, 2015 to June 30, 2015), the US economy has steadily recovered underpinned by the increased consumption and improved employment situation; the Japanese economy also showed gradual recovery underpinned by revival of capital investment and improved income environment. In Europe, despite a moderate revival by shoring up internal demand, the economy is fluctuating as it was affected by the situation in Greece. In Russia, the economy is continuously on a downward trend due to the fall in crude oil prices, etc. In China, under the government's "new normal" policy, fixed asset investments in real estate and mining sectors are decelerating, and the economy is continuously stagnant. While the Indian economy revived, the economy in Southeast Asia remained sluggish due to the fall in exports, etc.

With respect to the construction machinery market, demand in North America remained at the same level year-on-year due to downturn in energy-related demand, despite a recovery in housing starts. In Europe, while the situation differs in each country, overall demand slightly decreased year-on-year. In China, demand fell significantly due to deceleration of real estate investment, particularly a decrease in public construction in rural areas. Demand in Southeast Asia was sluggish, mainly around Indonesia and Malaysia.

As for the mining machinery market, demand for mining machinery remains sluggish due to the price reduction of resources and investment restraint by resource companies.

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

As for construction machinery, we are promoting the establishment of a global research and development system and reinforcement of development marketing function, as well as further enhancing the sales capabilities and after-sales service of our dealers. Also, we have been expanding our parts and service business by globally launching the service menu called "ConSite," which provides comprehensive support to customers for their machines, and by expanding the parts supply system, etc. In Japan, we introduced the new model machinery that responds to the emissions regulations and achieves advanced operating performance, excellent durability, and better riding comfort of the operator. Furthermore, we enhanced the consistency of our unique "RSS" (Rental, Sales, and Service) operations to increase orders and customer satisfaction.

For mining machinery, we strove to expand sales of AC-3 series rigid dump truck, which achieved the advanced vehicle body stability assist function. Moreover, we are bringing together the strengths of the entire Hitachi Group to establish a substantially advanced customer support system, which includes mining machineries operation management system provision and mine operation optimization.

Consequently, revenue decreased by 5.5% year-on-year to ¥177,355 million. Operating profit decreased by 62.6% year-on-year to ¥4,949 million, income before income taxes decreased by 62.2% year-on-year to ¥4,947 million, and net income attributable to owners of the parent decreased by 46.9% year-on-year to ¥2,797 million.

The following table summarizes the consolidated results for this term ended June 2015.

(Millions of yen; %)

	June 2015 (A)	June 2014 (B)	Year-on-year change (A) - (B) Increase (%)	
Revenue	177,355	187,699	(10,344)	(5.5)
Operating profit	4,949	13,239	(8,290)	(62.6)
Income before income taxes	4,947	13,091	(8,144)	(62.2)
Net income attributable to owners of the parent	2,797	5,272	(2,475)	(46.9)

(Rounded off to the nearest million)

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

[2] Overview of Consolidated Revenue by Regional Segment

[Japan]

Construction machinery demand in Japan decreased year-on-year due to continuously decreased public investment and as reaction to last-minute demands in anticipation of new emissions regulations, despite recovery in the number of new housing starts.

Under such circumstances, the Hitachi Construction Machinery Japan Co., Ltd. promoted sales expansion by increasing the customers of multiple RSS divisions, offering optimal solutions, and providing high-quality service to each customer through consistent implementation of RSS operations.

Furthermore, we worked to expand sales of a new machine type that responds to emission regulations and achieves higher fuel efficiency.

Consolidated revenue increased by 6.5% year-on-year to ¥43,655 million.

[The Americas]

Construction machinery demand in North America remained at the same level year-on-year due to a decrease in pipeline installation construction caused by the fall in crude oil prices, despite recovery in housing start. On the other hand, in Central and South America, the construction machinery demand has decreased, year-on-year, due mainly to infrastructure investment stagnation.

Mining machinery demand remains sluggish throughout the Americas due to downturn in resource prices.

Under such circumstances, we strove to expand sales in the entire Americas by organizing a production framework of machineries complying with local regulations of each country, in collaboration with Deere & Company.

Consolidated revenue increased by 23.3% year-on-year to ¥29,338 million.

[Europe]

Construction machinery demand in Europe slightly decreased year-on-year. A recovery was seen in the ongoing sluggish demand in Italy; however, demand in the UK and Germany slightly decreased, and demand in France fell significantly as it was affected by the downturn in housing starts.

Under these circumstances, we focused on expanding sales by proactively marketing fuel-efficient hydraulic excavators and wheel loaders, as well as by providing dealers with further meticulous support services. Consequently, consolidated revenue increased by 0.3% year-on-year to ¥22,235 million.

[Russia-CIS, Africa, and the Middle East]

In Russia, where construction machinery demand is further decelerated, we strove to expand construction and mining machinery sales by continuously providing dealer support, including sales expansion of application products and wheel loaders via Hitachi Construction Machinery Eurasia Sales LLC.

In Southern Africa, we reinforced sales and service, focusing on mining machinery, and in Northwest Africa, we reinforced sales and service of machineries for infrastructure-related industry, in conjunction with dealers.

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

Consolidated revenue decreased by 19.0% year-on-year to ¥20,060 million.

[Asia and Oceania]

In Indonesia and Australia, both of which are resource-rich countries, mining machinery demand continued to be sluggish.

Construction machinery demand has been brisk in Thailand and the Philippines, while such demand continuously decreased in Indonesia, Malaysia, Australia, etc.

Under such circumstances, we strove to enhance the dealers' marketing capabilities by fully implementing the sales support system while expanding sales.

Regarding construction machinery demand in India, some demands for infrastructure investment, such as coal and quarries, etc., are increasing due to the new government's policy effects.

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

Consequently, the demand increased year-on-year.

Under such circumstances, Tata Hitachi Construction Machinery Co, Ltd. strove to reduce cost and improve production quality as well as expand sales of the new machine type.

Consolidated revenue decreased by 5.3% year-on-year to ¥47,271 million.

[China]

The growth rate of fixed asset investment is continuously on a downward trend by deceleration of real estate investments and excess inventory adjustment in various industries. Despite economic-stimulus measures by the government, the Chinese economy is going through a phase of fiscal adjustment, mainly by local governments, and there are interruptions in the progress of existing construction projects and delays in the ordering of new construction projects, etc. Consequently, construction machinery demand continued to decline significantly year-on-year.

Under these circumstances, HCM Group strove to expand sales of both machineries and parts by using the sales support system and service and parts sales management system while sustaining enhancement of collaborative relationships with dealers using the "Global e-Service" system.

Consolidated revenue decreased by 43.2% year-on-year to ¥14,796 million.

The following table summarizes consolidated net revenue by geographic area:

(Millions of yen)

		Current consolidated cumulative first quarter (April 1,2015- June 30, 2015)		Previous consolidated cumulative first quarter (April 1,2014- June 30, 2014)		Increase (Decrease)	
		Revenue (Millions of yen) (A)	Proportion (%)	Revenue (Millions of yen) (B)	Proportion (%)	Amount of change (A)-(B)	% Change (A)/(B)-1 (%)
The Americas	North America	27,620	15.6	22,184	11.8	5,436	24.5
	Central and South America	1,718	1.0	1,609	0.9	109	6.8
		29,338	16.5	23,793	12.7	5,545	23.3
Europe		22,235	12.5	22,176	11.8	59	0.3
Russia-CIS, Africa and the Middle East	Russia-CIS	3,961	2.2	10,081	5.4	(6,120)	(60.7)
	Africa	9,196	5.2	9,870	5.3	(674)	(6.8)
	Middle East	6,903	3.9	4,803	2.6	2,100	43.7
	20,060	11.3	24,754	13.2	(4,694)	(19.0)	
Asia and Oceania	Asia	18,736	10.6	17,669	9.4	1,067	6.0
	India	9,188	5.2	7,719	4.1	1,469	19.0
	Oceania	19,347	10.9	24,536	13.1	(5,189)	(21.1)
	47,271	26.7	49,924	26.6	(2,653)	(5.3)	
China		14,796	8.3	26,062	13.9	(11,266)	(43.2)
Sub-total		133,700	75.4	146,709	78.2	(13,009)	(8.9)
Japan		43,655	24.6	40,990	21.8	2,665	6.5
Total		177,355	100.0	187,699	100.0	(10,344)	(5.5)

(Rounded off to the nearest million)

(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 ¥630,304 million, a decrease of 1.4%, or ¥8,662 million, from the previous fiscal year-end. This was due mainly to a decrease of ¥37,464 million in trade receivables, despite an increase of ¥13,933 million in cash and cash equivalents.

Non-current assets amounted to ¥411,921 million, a decrease of 3.2%, or ¥13,786 million, from the previous fiscal year-end. This was due mainly to a decrease of ¥10,580 million in other financial assets and ¥2,237 million in trade receivables.

As a result, total assets decreased 2.1% or ¥22,448 million from the previous fiscal year-end to ¥1,042,225 million.

(b) Liabilities

Current liabilities amounted to ¥342,828 million, a decrease of 7.1%, or ¥26,232 million, from the previous fiscal year-end. This was primarily due to a decrease of ¥17,661 million in trade and other payables and ¥10,050 million in bonds and borrowings.

Non-current liabilities increased by 1.6%, or ¥3,177 million, from the previous fiscal year-end to ¥200,888 million. This was mainly due to an increase of ¥2,442 million in bonds and borrowings.

As a result, total liabilities decreased by 4.1%, or ¥23,055 million, from the previous fiscal year-end to ¥543,716 million.

[Equity]

Total equity increased by 0.1% or ¥607 million from the previous fiscal year-end to ¥498,509 million.

[2] Analysis on Status of Consolidated Cash Flows

Cash and cash equivalents at the end of the first quarter totaled ¥65,366 million, an increase of ¥13,933 million from the previous fiscal year-end. Statement and factors relating to each cash flow category are as follows:

(Net Cash Provided by Operating Activities)

Regarding net cash provided by operating activities at the end of the first quarter, factors that increased cash included ¥3,278 million in net income, ¥7,998 million in depreciation, a ¥39,351 million decrease in trade receivables, and a ¥5,674 million decrease in lease receivables. Factors that reduced cash included a ¥15,064 million decrease in trade payables and ¥10,055 million in income tax expense.

As a result, net cash provided by operating activities in the consolidated cumulative first quarter totaled ¥29,941 million, an increase of ¥4,206 million year-on-year.

(Net Cash Used in Investing Activities)

Net cash used in investing activities in the consolidated cumulative first quarter amounted to ¥6,161 million, a decrease of ¥12,051 million year-on-year. This is mainly due to income from the collection of long-term loans receivable of ¥10,466 million.

As a result, free cash flows, the sum of net cash provided by operating activities and net cash used in investing activities, amounted to an inflow of ¥36,102 million.

(Net Cash Used in Financing Activities)

Net cash used in financing activities totaled ¥22,912 million in the consolidated cumulative first quarter, an increase of ¥1,768 million year-on-year. This was due mainly to a decrease of ¥12,610 million in short-term debt, a decrease of ¥1,363 million in long-term debt and bond, and ¥8,144 million in dividends paid.

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

Regarding outlook of construction machinery demand, hydraulic excavators demand for the fiscal year ending March 31, 2016, in developed countries are as follows. In the US, demand is expected to remain unchanged year-on-year. Demand in Europe seems to have slightly decreased, and demand in Japan is expected to decrease year-on-year as reaction to last-minute demands in anticipation of new emissions regulations. Among the emerging countries, demand in India and Thailand is expected to recover; however, demand in Indonesia and Malaysia, etc. is expected to decrease. Moreover, demand in China is significantly falling due to cutbacks in real estate investment. Consequently, we assume the overall global demand will further decrease from the previous outlook of approximately 170,000 units to 162,000 units. On the other hand, for mini excavators and wheel loader, which have high demands in developed countries, global demand is expected to remain roughly at the same level as the previous fiscal year. Mining machinery demand is expected to decrease by approximately 10% due to stagnant natural resource price, which remain unchanged from the previous outlook.

As for consolidated earnings forecast for the full year ending March 31, 2016 (from April 1, 2015 to March 31, 2016), while sales in China and Russia CIS are expected to decrease, sales in Japan, Europe, and India is expected to increase. Taking into account the fact that we are enhancing management efficiency by reallocation of resource to priority business areas and the effect of the exchange rate fluctuation, we would not revise the consolidated earnings forecast for the full fiscal year in the "Financial Results for the Fiscal Year Ended March 31, 2015" published on April 27, 2015.

We revised the assumed foreign exchange rates for the second quarter as follows (the rates before revision are estimation as of April 27, 2015): from ¥115 to ¥120 against one US dollar, from ¥125 to ¥130 against one Euro, and from ¥18.5 to ¥19.0 against one Chinese Yuan.

2. Notes on Summary Information

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

(2) Changes in accounting principles and accounting estimates

Important accounting principles applied in the consolidated financial statements for the period are the same as those applied in the consolidated financial statements for the previous fiscal year except for the followings.

Income taxes are calculated by multiplying income before income taxes by the estimated effective tax rate. The estimated effective tax rate is reasonably estimated considering permanent differences, tax deductibles and valuation allowances on differed tax asset. In addition, adjustments resulting from changes in decisions regarding recoverability of deferred tax asset derived from taxable income in future fiscal years are recognized during the period in which the changes in decision are made.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	First quarter As of Jun. 30, 2015 (A)	Previous fiscal year-end As of Mar. 31, 2015 (B)	(A)-(B)
Assets			
Current assets			
Cash and cash equivalents	65,366	51,433	13,933
Trade receivables	194,009	231,473	(37,464)
Inventories	317,322	313,488	3,834
Other financial assets	34,177	32,053	2,124
Other current assets	19,430	10,519	8,911
Total current assets	630,304	638,966	(8,662)
Non-current assets			
Property, plant and equipment	280,283	281,326	(1,043)
Intangible assets	9,536	9,972	(436)
Goodwill	9,609	9,590	19
Investments accounted for using the equity method	31,720	31,913	(193)
Trade receivables	27,852	30,089	(2,237)
Deferred tax asset	18,695	18,331	364
Other financial assets	20,530	31,110	(10,580)
Other non-current assets	13,696	13,376	320
Total non-current assets	411,921	425,707	(13,786)
Total assets	1,042,225	1,064,673	(22,448)
Liabilities			
Current liabilities			
Trade and other payables	192,684	210,345	(17,661)
Bonds and borrowings	127,044	137,094	(10,050)
Income tax payables	6,780	7,626	(846)
Other financial liabilities	13,008	8,722	4,286
Other current liabilities	3,312	5,273	(1,961)
Total current liabilities	342,828	369,060	(26,232)
Non-current liabilities			
Trade and other payables	20,488	20,091	397
Bonds and borrowings	153,021	150,579	2,442
Retirement and severance benefit	13,221	13,446	(225)
Deferred tax liability	9,904	9,483	421
Other financial liabilities	204	194	10
Other non-current liabilities	4,050	3,918	132
Total non-current liabilities	200,888	197,711	3,177
Total liabilities	543,716	566,771	(23,055)
Equity			
Equity attributable to owners of the parent			
Common stock	81,577	81,577	-
Capital surplus	84,324	84,315	9
Retained earnings	222,752	226,332	(3,580)
Accumulated other comprehensive income	45,798	42,159	3,639
Treasury stock, at cost	(3,117)	(3,156)	39
Total Equity attribute to owners of the parent	431,334	431,227	107
Non-controlling interests	67,175	66,675	500
Total equity	498,509	497,902	607
Total liabilities and equity	1,042,225	1,064,673	(22,448)

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated cumulative quarter

Consolidated Statements of Income

(Millions of yen)

	First quarter Three months ended Jun. 30, 2015 (A)	First quarter Three months ended Jun. 30, 2014 (B)	(A)/(B)×100 (%)
Revenue	177,355	187,699	94
Cost of sales	(133,037)	(138,209)	96
Gross profit	44,318	49,490	90
Selling, general and administrative expenses	(38,833)	(36,347)	107
Other income	642	724	89
Other expenses	(1,178)	(628)	188
Operating profit	4,949	13,239	37
Financial income	1,067	1,335	80
Financial expenses	(1,470)	(1,979)	74
Share of profits (losses) of investments accounted for using the equity method	401	496	81
Income before income taxes	4,947	13,091	38
Income taxes	(1,669)	(6,014)	28
Net income	3,278	7,077	46
Net income attributable to			
Owners of the parent	2,797	5,272	53
Non-controlling interests	481	1,805	27
Total net income	3,278	7,077	46
EPS attributable to owners of the parent			
Net income per share (Basic) (yen)	13.16	24.81	
Net income per share (Diluted) (yen)	13.16	24.80	

(Rounded off to the nearest million)

Consolidated Statements of Comprehensive Income

(Millions of yen)

	First quarter As of Jun. 30, 2015 (A)	First quarter As of Jun. 30, 2014 (B)	(A)/(B)×100 (%)
Net income	3,278	7,077	46
Other comprehensive income			
Items that cannot be reclassified into net income			
Net gains and losses from financial assets measured at fair value through OCI	(99)	658	-
Remeasurements of defined benefit obligations	-	(29)	-
Other comprehensive income of equity method associates	(34)	10	-
Items that can be reclassified into net income			
Foreign currency translation adjustments	6,388	(3,023)	-
Cash flow hedges	(495)	587	-
Other comprehensive income of equity method associates	(931)	(635)	147
Other comprehensive income, net of taxes	4,829	(2,432)	-
Comprehensive income	8,107	4,645	175
Comprehensive income attributable to			
Owners of the parent	6,436	3,466	186
Non-controlling interests	1,671	1,179	142

(Rounded off to the nearest million)

(3) Consolidated Statements of Changes in Equity
Consolidated cumulative quarter
First quarter three months ended Jun. 30, 2015

(Millions of yen)

	Equity attributable to owners of the parent					
	Common stock	Capital surplus	Retained earnings	Accumulated other comprehensive income		
				Remeasurements of defined benefit obligations	Net gains and losses from financial assets measured at fair value through OCI	Cash flow hedges
Balance at beginning of period	81,577	84,315	226,332	185	7,490	(117)
Net income			2,797			
Other comprehensive income				(44)	(84)	(495)
Comprehensive income	-	-	2,797	(44)	(84)	(495)
Acquisition of treasury stock						
Sale of treasury stock		9				
Dividends to stockholders of the Company			(6,377)			
Other increase/decrease						
Transaction with owners	-	9	(6,377)	-	-	-
Balance at end of period	81,577	84,324	222,752	141	7,406	(612)

(Millions of yen)

	Equity attributable to owners of the parent					
	Accumulated other comprehensive income		Treasury stock, at cost	Total	Non-controlling interests	Total equity
	Foreign currency translation adjustments	Total				
Balance at beginning of period	34,601	42,159	(3,156)	431,227	66,675	497,902
Net income		-		2,797	481	3,278
Other comprehensive income	4,262	3,639		3,639	1,190	4,829
Comprehensive income	4,262	3,639	-	6,436	1,671	8,107
Acquisition of treasury stock		-	(1)	(1)		(1)
Sale of treasury stock		-	40	49		49
Dividends to stockholders of the Company		-		(6,377)	(1,171)	(7,548)
Other increase/decrease		-		-		-
Transaction with owners	-	-	39	(6,329)	(1,171)	(7,500)
Balance at end of period	38,863	45,798	(3,117)	431,334	67,175	498,509

First quarter three months ended Jun. 30, 2014

(Millions of yen)

	Equity attributable to owners of the parent					
	Common stock	Capital surplus	Retained earnings	Accumulated other comprehensive income		
				Remeasurements of defined benefit obligations	Net gains and losses from financial assets measured at fair value through OCI	Cash flow hedges
Balance at beginning of period	81,577	84,296	211,978	700	6,887	(309)
Net income			5,272			
Other comprehensive income				(16)	667	628
Comprehensive income	-	-	5,272	(16)	667	628
Acquisition of treasury stock						
Sale of treasury stock		4				
Dividends to stockholders of the Company			(5,313)			
Other increase/decrease						
Transaction with owners	-	4	(5,313)	-	-	-
Balance at end of period	81,577	84,300	211,937	684	7,554	319

(Millions of yen)

	Equity attributable to owners of the parent					
	Accumulated other comprehensive income		Treasury stock, at cost	Total	Non-controlling interests	Total equity
	Foreign currency translation adjustments	Total				
Balance at beginning of period	15,112	22,390	(3,237)	397,004	58,949	455,953
Net income		-		5,272	1,805	7,077
Other comprehensive income	(3,085)	(1,806)		(1,806)	(626)	(2,432)
Comprehensive income	(3,085)	(1,806)	-	3,466	1,179	4,645
Acquisition of treasury stock		-		-		-
Sale of treasury stock			28	32		32
Dividends to stockholders of the Company				(5,313)	(325)	(5,638)
Other increase/decrease				-		-
Transaction with owners	-	-	28	(5,281)	(325)	(5,606)
Balance at end of period	12,027	20,584	(3,209)	395,189	59,803	454,992

(4) Consolidated Statements of Cash Flows
Consolidated cumulative quarter

(Millions of yen)

	First quarter Three months ended Jun. 30, 2015	First quarter Three months ended Jun. 30, 2014
Net income	3,278	7,077
Depreciation	7,998	8,205
Amortization of intangible asset	899	1,495
Impairment losses	-	39
Income tax expense	1,669	6,014
Equity in net earnings of associates	(401)	(496)
Gain (loss) on sales of property, plant and equipment	(44)	(37)
Financial income	(1,067)	(1,335)
Financial expense	1,470	1,979
(Increase) decrease in trade receivables	39,351	28,468
(Increase) decrease in lease receivables	5,674	2,013
(Increase) decrease in inventories	314	(162)
Increase (decrease) in trade payables	(15,064)	(4,931)
Increase (decrease) in provisions and retirement benefit obligations	(340)	(447)
Other	(3,274)	(10,151)
Subtotal	40,463	37,731
Interest received	688	1,063
Dividends received	218	164
Interest paid	(1,373)	(2,415)
Income tax paid	(10,055)	(10,808)
Net cash provided by operating activities	29,941	25,735
Capital expenditures	(3,856)	(4,867)
Proceeds from sale of property, plant and equipment	88	984
Acquisition of intangible assets	(278)	(497)
Acquisition of investments in securities and other financial assets (including investments in associates)	(367)	(1,167)
Collection of long-term loan receivables	10,466	20
Other	108	(363)
Net cash provided by (used in) investing activities	6,161	(5,890)
Increase (decrease) in short-term debt, net	(12,610)	(23,642)
Proceeds from long-term debt and bond	5,754	43,728
Payments on long-term debt	(7,117)	(34,323)
Payments on lease payables	(843)	(896)
Dividends paid to owners of the parent	(6,381)	(5,315)
Dividends paid to non-controlling interests	(1,763)	(728)
Other	48	32
Net cash used in financing activities	(22,912)	(21,144)
Effect of exchange rate changes on cash and cash equivalents	743	(399)
Net increase (decrease) in cash and cash equivalents	13,933	(1,698)
Cash and cash equivalents at beginning of period	51,433	53,672
Cash and cash equivalents at end of period	65,366	51,974

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

(5) Notes on Consolidated Financial Statements

Notes on the Preconditions for a Going Concern: None