Hitachi Construction Machinery Co., Ltd.

Financial Results for the First Quarter
Ended June 30, 2016

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

Consolidated Financial Results for the First Quarter Ended June 30, 2016 (IFRS)

July 27, 2016

Listed company: Hitachi Construction Machinery Co., Ltd. (HCM)
Stock exchange: Tokyo (first section) Code number: 6305
URL https://www.hitachicm.com/global/
Representative: Yuichi Tsujimoto, President and Chief Executive Officer
Scheduled date for submission of the Quarterly Securities Report: August 9, 2016
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 2016 (April 1, 2016 to June 30, 2016)

(1) Consolidated results

(Rounded off to the nearest million)

	Revenue		Operating income		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, 2016	161,302	(9.1)	2,449	(55.4)	1,470	(70.3)	(1,012)	—	(1,600)	—	(28,156)	—
June 30, 2015	177,355	(5.5)	5,485	(58.3)	4,947	(62.2)	3,278	(53.7)	2,797	(46.9)	8,107	74.5

The company presented "Adjusted operating income", Hitachi group's common profit index to show actual business conditions excluding impact of business restructuring, in the column of "Operating income" for the first quarter ended June 2016. Above year-on-year comparison is also for the "Adjusted operating income". "Adjusted operating income" is calculated by excluding "Other income" and "Other expenses" from "Operating Income" listed in Consolidated Statements of Income. "Operating income" for the first quarter ended June 2016 is as below.

June 30, 2016	¥3,666 million	YoY -25.9%
June 30, 2015	¥4,949 million	YoY -62.6%

	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, 2016	(7.52)	(7.52)
June 30, 2015	13.16	13.16

References:
Share of profits (losses) of investments accounted for using the equity method March 31, 2017(1Q): ¥ 30 million March 31, 2016 (1Q): ¥401 million

(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, 2016	868,796	424,983	370,621	42.7
March 31, 2016	926,628	456,816	395,963	42.7

2. Dividends status

	Cash dividends per share				
	First Quarter	Second Quarter	Third Quarter	Year end	Total
	Yen	Yen	Yen	Yen	Yen
March 31, 2016	—	30.00	—	10.00	40.00
March 31, 2017	—				
March 31, 2017 (Projection)		—	—	—	—

Dividends for the fiscal year ending March 2017 are to be determined.
Note: Changes involving the dividend states for the fiscal year ending March 2017: None

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2. Projected consolidated results for the fiscal year ending March 2017 (April 1, 2016 to March 31, 2017)

	Revenue		Operating income		Income before income taxes		Net income attributable to owners of the parent		Net income attributable to owners of the parent per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
September 30, 2016 (Interim)	335,000	(8.2)	6,200	(62.3)	3,000	(72.5)	2,000	(70.8)	9.40
March 31, 2017	700,000	(7.7)	28,000	19.8	15,000	(38.8)	5,000	(43.2)	23.51

Notes: 1) The percentages indicated show changes from the same period of the previous fiscal year.
2) Changes in consolidated earnings forecast: Yes

The company presented "Adjusted operating income", Hitachi group's common profit index to show actual business conditions excluding impact of business restructuring, in the column of "Operating income" for the projected consolidated results ending March 2017. Above year-on-year comparison is also for the "Adjusted operating income". "Adjusted operating income" is calculated by excluding "Other income" and "Other expenses" from "Operating Income" listed in Consolidated Statements of Income. Cumulated "Operating income" for projected consolidated result ending March 2017 is as below.

September 30, 2016 (Interim)	¥6,500 million	YoY -59.5%
Year end	¥22,000 million	YoY -35.4%

*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	Yes

(3) Number of outstanding shares (common shares)

[1] Number of outstanding shares at fiscal year-end (including treasury shares)
June 2016: 215,115,038 March 2016: 215,115,038

[2] Number of treasury shares at fiscal year-end
June 2016: 2,452,059 March 2016: 2,451,828

[3] Average number of common shares outstanding during the fiscal year (shares)
June 2016: 212,663,072 June 2016: 212,592,992

<u>Indication of audit procedure implementation status</u>

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.

<u>Explanation on the appropriate use of results forecasts and other important items</u>

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. Management Performance and Financial Conditions, (3) Explanation of Future Forecast Information concerning Consolidated Earnings Forecasts’ of the attachment for conditions serving as assumptions for results forecasts.

Index of the Attachment

1. Management Performance and Financial Conditions

(1) Management Results

[1] Overview of Business Results

The HCM Group is working on the establishment of a global management support scheme, expansion of its market share, cost reduction for securing profit, and business/structural reform to enhance business efficiency and solid business infrastructure. In addition, we are making efforts towards to structuring the global research/develop framework and strengthening the development marketing function to provide appropriate products by region and solutions for customers' life-cycle cost reduction.

With respect to construction machinery, while demand is sluggish, we have been enhancing our parts and service business through a globally launched service menu called "ConSite," and expansion of the parts supply network. Additionally, HCM integrated our wheel loader business into KCM, a company consolidated by HCM in October 2015, in April 2016 to reinforce the wheel loader business by increasing efficiency in production and the R&D process and by expansion of the global sales network. For i-Construction promoted by the Ministry of Land, Infrastructure, Transport and Tourism, we started introducing ICT hydraulic excavators and solution business for smart construction to the domestic market.

As for the mining machinery, we are focusing on expanding sales of the well-accepted AC-3 series rigid dump trucks especially the one for trolley use or high-altitude use that are equipped with an advanced vehicle body stability-assist function. Moreover, we are bringing the Hitachi Group's strengths to establishing a substantially advanced customer support system for optimization of mine operation and an operation management system for mining machinery.

Consequently, consolidated revenue of the first quarter of fiscal year 2016 (April 1, 2016 - June 30, 2016) was ¥161,302 million, down 9.1% from the previous fiscal year due to a decline in sales of construction and mining machinery resulting from weaker demand. Adjusted operating income decreased by 55.4% year on year to 2,449 million, operating income decreased by 25.9% year on year to ¥3,666 million, and income before income taxes decreased by 70.3% year on year to ¥1,470 million, due to year-on-year exchange loss. Net loss attributable to owners of the parent decreased by ¥4,397 million year on year to ¥-1,600 million affected by the higher tax burden ratio.

The following table summarizes the consolidated results for this term ended June 2016.

	June 2016 (A)	June 2015 (B)	Year-on-year change	
			(A)-(B)	(A)/(B)-1 (%)
Revenue	161,302	177,355	(16,053)	(9.1)
Adjusted operating income*	2,449	5,485	(3,036)	(55.4)
Operating income	3,666	4,949	(1,283)	(25.9)
Income before income taxes	1,470	4,947	(3,477)	(70.3)
Net income attributable to owners of the parent	(1,600)	2,797	(4,397)	—

(Rounded off to the nearest million)

* "Adjusted operating income" is the Hitachi Group's common profit index, calculated by excluding "Other income" and "Other expenses" from "Operating income".

[2] Overview of Consolidated Revenue by Region

[Japan]

In Japan, demand for construction machinery decreased year on year, due to a reaction to the last-minute demand before the implementation of new emissions regulations sequentially applied from 2013 onward.

Under such circumstances, Hitachi Construction Machinery Japan Co., Ltd. pursued increase of customer satisfaction and sales with further enhancement of organization for RSS (rental, sales, and service integrated division) to offer the best solutions to customers through one-stop service by strengthening sales organization for large infrastructure-related projects and integration of the used machinery business.

However, consolidated revenue decreased by 3.3% year on year to ¥42,233 million due to a decline in new machinery demand.

[The Americas]

In North America, while the demand for mini and small-sized hydraulic excavators increased because of steady performance of housing starts, total demand for hydraulic excavators decreased due to slow energy-related investment affected by lower crude oil prices.

In Central and South America, construction machinery demand has decreased year on year, mainly due to slow infrastructure-related investment.

Mining machinery demand remained sluggish across the Americas as a result of weak resource prices.

Under such circumstances, we strove to expand sales of machinery that complies with the local regulations of each country, in collaboration with Deere & Company.

Consequently, consolidated revenue decreased by 24.2% year on year to ¥22,246 million.

[Europe]

In Europe, demand for construction machinery increased year on year. While demand in UK decreased, we have seen demand recovery in France, as well as solid demand in Germany and North Europe.
Under these circumstances, the HCM Group enhanced support service to our dealers in each country and sales of fuel-efficient hydraulic excavators and wheel loaders.
Consolidated revenue increased by 7.4% year on year to ¥23,885 million.

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

In Russia, sluggish demand for construction machinery continued. We are striving to increase sales of construction and mining machinery including application products and wheel loaders by offering continuous support to dealers through Hitachi Construction Machinery Eurasia Sales LLC.
In Southern Africa, we reinforced sales and service mainly for mining machinery. In Northwest Africa, we strengthened sales and service of construction machinery for infrastructure-related industry together with dealers.
In the Middle East, we continuously focused on sales for infrastructure-related projects, and introduced India-made hydraulic excavators targeting new customer segments in the Gulf countries.
Consolidated revenue decreased by 12.2% year on year to ¥17,609 million affected by weakening local currencies in Africa.

[Asia and Oceania]

In Indonesia and Australia, which are both resource-rich countries, demand for mining machinery remained weak.
Demand for construction machinery increased slightly year on year in Asia and Oceania. Demand remained sluggish mainly in Indonesia and Myanmar while demand increased mainly in Thailand, Malaysia, and Australia. In India, demand significantly increased year on year resulting from continuous increase in infrastructure-related demand from coal mining and quarrying.
Under such conditions, we are striving to enhance the dealers' marketing capabilities by fully utilizing the sales support system to expand sales in Asia and Oceania. In addition, we enhanced sales of parts and service for mining machinery by CPR, a newly developed system to predict the timing of parts & components replacement. Tata Hitachi Construction Machinery Co., Ltd. focused on cost reduction and enhancement of production quality, as well as sales promotion of new models and large-sized machines in India.
Consequently, while revenue in India increased year on year, consolidated revenue decreased by 8.9% year on year to ¥43,045 million due to depreciation of local currencies.

[China]

In China, demand for construction machinery decreased year on year. Gradual recovery of infrastructure- and real-estate-related investment can be seen; however, the growth rate of fixed asset investment declined in the continuous Chinese economic slowdown.

Under such circumstances, the HCM Group promoted sales activities for both machinery and parts targeting regions and customers with a high operating rate, by utilizing the sales support system, service and parts sales management system, and the “Global e-Service” system.

However, consolidated revenue decreased by 17.0% year on year to ¥12,284 million.

The following table summarizes consolidated net revenue by geographic area:

	Current consolidated cumulative first quarter (April 1,2016- June 30, 2016)		Previous consolidated cumulative first quarter (April 1,2015- June 30, 2015)		Increase (Decrease)	
	Revenue (Millions of yen) (A)	Proportion (%)	Revenue (Millions of yen) (B)	Proportion (%)	Amount of change (A)-(B)	% Change (A)/(B)-1 (%)
North America	21,484	13.3	27,620	15.6	(6,136)	(22.2)
Central and South America	762	0.5	1,718	1.0	(956)	(55.6)
The Americas	22,246	13.8	29,338	16.5	(7,092)	(24.2)
Europe	23,885	14.8	22,235	12.5	1,650	7.4
Russia-CIS	3,940	2.4	3,961	2.2	(21)	(0.5)
Africa	6,918	4.3	9,196	5.2	(2,278)	(24.8)
Middle East	6,751	4.2	6,903	3.9	(152)	(2.2)
Russia-CIS, Africa and the Middle East	17,609	10.9	20,060	11.3	(2,451)	(12.2)
Asia	12,976	8.0	18,736	10.6	(5,760)	(30.7)
India	9,579	5.9	9,188	5.2	391	4.3
Oceania	20,490	12.7	19,347	10.9	1,143	5.9
Asia and Oceania	43,045	26.7	47,271	26.7	(4,226)	(8.9)
China	12,284	7.6	14,796	8.3	(2,512)	(17.0)
Sub-total	119,069	73.8	133,700	75.4	(14,631)	(10.9)
Japan	42,233	26.2	43,655	24.6	(1,422)	(3.3)
Total	161,302	100.0	177,355	100.0	(16,053)	(9.1)

(Rounded off to the nearest million)

(2) Analysis of Financial Condition

[1] Status of Assets, Liabilities and Net Assets

(a) Assets

Current assets at the end of the first quarter amounted to ¥508,347 million, a decrease of 7.4%, or ¥40,870 million, from the previous fiscal year-end. This was mainly due to a decrease of ¥38,570 million in trade receivables.

Non-current assets amounted to ¥360,449 million, a decrease of 4.5%, or ¥16,962 million, from the previous fiscal year-end. This was mainly due to a decrease of ¥10,722 million in property, plants and equipment, and ¥1,584 million in other financial assets.

As a result, total assets decreased by 6.2% or ¥57,832 million from the previous fiscal year-end to ¥868,796 million.

(b) Liabilities

Current liabilities amounted to ¥292,865 million, a decrease of 6.3%, or ¥19,546 million, from the previous fiscal year-end. This was primarily due to a decrease of ¥13,173 million in trade and other payables and ¥8,355 million in bonds and borrowings.

Non-current liabilities decreased by 4.1%, or ¥6,453 million, from the previous fiscal year-end to ¥150,948 million. This was mainly due to a decrease of ¥1,003 million in trade and other payables and ¥3,272 million in bonds and borrowings.

As a result, total liabilities decreased by 5.5% or ¥25,999 million from the previous fiscal year-end to ¥443,813 million.

(c) Equity

Total equity decreased by 7.0% or ¥31,833 million from the previous fiscal year-end to ¥424,983 million.

[2] Analysis of Status of Consolidated Cash Flows

Cash and cash equivalents at the end of the first quarter totaled ¥78,909 million, a decrease of ¥201 million from the beginning of the fiscal year. Statements and factors relating to each cash flow category are as follows.

(Net cash provided by operating activities)

Net loss at the end of the first quarter was ¥1,012 million. Factors that increased cash in the first quarter included ¥7,860 million in depreciation, a ¥20,265 million decrease in accounts and notes receivables, a ¥3,926 million decrease in lease receivables, and a ¥11,379 million increase in accounts and notes payable. Factors that reduced cash included a ¥7,635 million increase in inventories, and ¥6,980 million in income tax paid.

As a result, net cash provided by operating activities during the first quarter totaled ¥20,820 million, a decrease of ¥9,121 million year on year.

(Net cash used in investing activities)

Net cash used in investing activities in the first quarter amounted to ¥4,563 million, an increase of ¥10,724 million year on year. This is mainly due to an outlay of ¥4,179 million for capital expenditure.
As a result, free cash flows, the sum of net cash provided by investing activities and net cash provided by investing activities, amounted to an inflow of ¥16,257 million.

(Net cash used in Financing Activities)

Net cash used in financing activities in the first quarter totaled ¥10,255 million, a decrease of ¥12,657 million year on year. This was mainly due to a decrease of ¥4,815 million in proceeds from long-term borrowings and bonds, and ¥3,622 million in dividends paid (including dividends paid to non-controlling interests).

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

HCM is expecting demand for construction machinery such as hydraulic excavators in fiscal year 2016 to be slightly lower than the previous forecast as of April 27, which is below the demand of the previous fiscal year. By region, demand is expected to increase in India, remain steady in Europe, and decline in Japan and North America. In emerging countries, the severe market environment is expected to continue. With regards to mining machinery, while demand for small-sized machinery is expected to recover, total demand is expected to decline year on year due to weak resource prices.
Under these circumstances, the HCM Group revised its consolidated earnings forecast for the full year ending March 31, 2017(from April 1, 2016 to March 31, 2017), due to the impact of the change of assumed exchange rate reflecting recent appreciation of the Japanese yen.
For more information, please refer to the “Revision of Forecasts of Earnings” published today (July 27, 2016).

2. Notes on Summary Information

(1) Important changes in the scope of 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 following.

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 deferred tax assets. In addition, adjustments resulting from changes in decisions regarding recoverability of deferred tax assets derived from taxable income in future fiscal years are recognized during the period in which the changes in decision are made.

(Change in accounting estimate)

Although companies that apply the consolidated tax system in Japan used to apply the tax rate of each company as the estimated effective tax rate, they started to use the tax rate for the entire consolidated tax return group from this quarter onward after considering a more reasonable method. As a result of this change, income taxes increased and both the net income and the net income attributable to owners of parents decreased by 2,919 million yen compared with the previous calculation.

In addition, this change in accounting estimate does not have any impact on the net income for fiscal year ending March 31, 2017, since this calculation of estimated effective tax rate is the special accounting practice for quarterly financial reports.

3. Consolidated Financial Statements
(1) Consolidated Balance Sheets

(Millions of yen)

	First quarter As of Jun. 30, 2016 (A)	Previous fiscal year-end As of Mar. 31, 2016 (B)	(A)-(B)
Assets			
Current assets			
Cash and cash equivalents	78,909	79,110	(201)
Trade receivables	144,358	182,928	(38,570)
Inventories	241,312	248,564	(7,252)
Other financial assets	31,445	29,727	1,718
Other current assets	12,323	8,888	3,435
Total current assets	508,347	549,217	(40,870)
Non-current assets			
Property, plant and equipment	265,571	276,293	(10,722)
Intangible assets	9,244	9,611	(367)
Goodwill	7,863	8,694	(831)
Investments accounted for using the equity method	17,839	18,726	(887)
Trade receivables	22,163	23,125	(962)
Deferred tax asset	13,272	15,241	(1,969)
Other financial assets	14,084	15,668	(1,584)
Other non-current assets	10,413	10,053	360
Total non-current assets	360,449	377,411	(16,962)
Total assets	868,796	926,628	(57,832)
Liabilities			
Current liabilities			
Trade and other payables	169,475	182,648	(13,173)
Bonds and borrowings	103,533	111,888	(8,355)
Income tax payables	3,928	4,728	(800)
Other financial liabilities	10,956	8,936	2,020
Other current liabilities	4,973	4,211	762
Total current liabilities	292,865	312,411	(19,546)
Non-current liabilities			
Trade and other payables	22,221	23,224	(1,003)
Bonds and borrowings	102,735	106,007	(3,272)
Retirement and severance benefit	16,336	16,855	(519)
Deferred tax liability	5,036	6,057	(1,021)
Other financial liabilities	44	32	12
Other non-current liabilities	4,576	5,226	(650)
Total non-current liabilities	150,948	157,401	(6,453)
Total liabilities	443,813	469,812	(25,999)
Equity			
Equity attributable to owners of the parent			
Common stock	81,577	81,577	-
Capital surplus	83,828	84,095	(267)
Retained earnings	219,261	222,721	(3,460)
Accumulated other comprehensive income	(10,994)	10,621	(21,615)
Treasury stock, at cost	(3,051)	(3,051)	0
Total Equity attribute to owners of the parent	370,621	395,963	(25,342)
Non-controlling interests	54,362	60,853	(6,491)
Total equity	424,983	456,816	(31,833)
Total liabilities and equity	868,796	926,628	(57,832)

(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, 2016 (A)	First quarter Three months ended Jun. 30, 2015 (B)	(A)/(B)×100 (%)
Revenue	161,302	177,355	91
Cost of sales	(124,305)	(133,037)	93
Gross profit	36,997	44,318	83
Selling, general and administrative expenses	(34,548)	(38,833)	89
Adjusted operating income	2,449	5,485	45
Other income	1,694	642	264
Other expenses	(477)	(1,178)	40
Operating income	3,666	4,949	74
Financial income	885	1,067	83
Financial expenses	(3,111)	(1,470)	212
Share of profits (losses) of investments accounted for using the equity method	30	401	7
Income before income taxes	1,470	4,947	30
Income taxes	(2,482)	(1,669)	149
Net income (loss)	(1,012)	3,278	-

Net income (loss) attributable to			
Owners of the parent	(1,600)	2,797	-
Non-controlling interests	588	481	122
Total net income (loss)	(1,012)	3,278	-

EPS attributable to owners of the parent			
Net income (loss) per share (Basic) (yen)	(7.52)	13.16	
Net income (loss) per share (Diluted) (yen)	(7.52)	13.16	

(Rounded off to the nearest million)

Consolidated Statements of Comprehensive Income

(Millions of yen)

	First quarter As of Jun. 30, 2016 (A)	First quarter As of Jun. 30, 2015 (B)	(A)/(B)×100 (%)
Net income (loss)	(1,012)	3,278	-
Other comprehensive income			
Items that cannot be reclassified into net income			
Net gains and losses from financial assets measured at fair value through OCI	(485)	(99)	490
Remeasurements of defined benefit obligations	(6)	-	-
Other comprehensive income of equity method associates	−	(34)	-
Items that can be reclassified into net income			
Foreign currency translation adjustments	(26,794)	6,388	-
Cash flow hedges	1,063	(495)	-
Other comprehensive income of equity method associates	(922)	(931)	99
Other comprehensive income, net of taxes	(27,144)	4,829	-
Comprehensive income	(28,156)	8,107	-
Comprehensive income attributable to			
Owners of the parent	(23,215)	6,436	-
Non-controlling interests	(4,941)	1,671	-

(Rounded off to the nearest million)

(3) Consolidated Statements of Changes in Equity
Consolidated cumulative quarter
First quarter three months ended Jun. 30, 2016

(Millions of yen)

	Equity attributable to owners of the parent					
				Accumulated other comprehensive income		
	Common stock	Capital surplus	Retained earnings	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	84,095	222,721	(4,000)	4,660	77
Net income (loss)			(1,600)			
Other comprehensive income				(6)	(484)	1,063
Comprehensive income	-	-	(1,600)	(6)	(484)	1,063
Acquisition of treasury stock						
Sale of treasury stock						
Dividends to stockholders of the Company			(2,127)			
Expiration of subscription rights		(267)	267			
Transaction with owners	-	(267)	(1,860)	-	-	-
Balance at end of period	81,577	83,828	219,261	(4,006)	4,176	1,140

(Millions of yen)

	Equity attributable to owners of the parent				Non-controlling interests	Total equity
	Accumulated other comprehensive income		Treasury stock, at cost	Total		
	Foreign currency translation adjustments	Total				
Balance at beginning of period	9,884	10,621	(3,051)	395,963	60,853	456,816
Net income (loss)		-		(1,600)	588	(1,012)
Other comprehensive income	(22,188)	(21,615)		(21,615)	(5,529)	(27,144)
Comprehensive income	(22,188)	(21,615)	-	(23,215)	(4,941)	(28,156)
Acquisition of treasury stock		-	0	-		-
Sale of treasury stock		-		-		-
Dividends to stockholders of the Company		-		(2,127)	(1,550)	(3,677)
Expiration of subscription rights		-		-		-
Transaction with owners	-	-	-	(2,127)	(1,550)	(3,677)
Balance at end of period	(12,304)	(10,994)	(3,051)	370,621	54,362	424,983

First quarter three months ended Jun. 30, 2015

(Millions of yen)

	Equity attributable to owners of the parent					
				Accumulated other comprehensive income		
	Common stock	Capital surplus	Retained earnings	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)			
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				Non-controlling interests	Total equity
	Accumulated other comprehensive income					
	Foreign currency translation adjustments	Total	Treasury stock, at cost	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)
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

(4) Consolidated Statements of Cash Flows
Consolidated cumulative quarter

(Millions of yen)

	First quarter Three months ended Jun. 30, 2016	First quarter Three months ended Jun. 30, 2015
Net income (loss)	(1,012)	3,278
Depreciation	7,860	7,998
Amortization of intangible asset	790	899
Income tax expense	2,482	1,669
Equity in net earnings of associates	(30)	(401)
Gain (loss) on sales of property, plant and equipment	(46)	(44)
Financial income	(885)	(1,067)
Financial expense	3,111	1,470
(Increase) decrease in trade receivables	20,265	39,351
(Increase) decrease in lease receivables	3,926	5,674
(Increase) decrease in inventories	(7,635)	314
Increase (decrease) in trade payables	11,379	(15,064)
Increase (decrease) in retirement and severance benefit	(103)	(340)
Other	(12,209)	(3,274)
Subtotal	27,893	40,463
Interest received	744	688
Dividends received	122	218
Interest paid	(959)	(1,373)
Income tax paid	(6,980)	(10,055)
Net cash provided by operating activities	20,820	29,941
Capital expenditures	(4,179)	(3,856)
Proceeds from sale of property, plant and equipment	146	88
Acquisition of intangible assets	(589)	(278)
Acquisition of investments in securities and other financial assets (including investments in associates)	-	(367)
Collection of long-term loan receivables	16	10,466
Other	43	108
Net cash provided by (used in) investing activities	(4,563)	6,161
Increase (decrease) in short-term debt, net	(471)	(12,610)
Proceeds from long-term debt and bond	2,094	5,754
Payments on long-term debt	(6,909)	(7,117)
Payments on lease payables	(1,347)	(843)
Dividends paid to owners of the parent	(2,130)	(6,381)
Dividends paid to non-controlling interests	(1,492)	(1,763)
Other	-	48
Net cash used in financing activities	(10,255)	(22,912)
Effect of exchange rate changes on cash and cash equivalents	(6,203)	743
Net increase (decrease) in cash and cash equivalents	(201)	13,933
Cash and cash equivalents at beginning of period	79,110	51,433
Cash and cash equivalents at end of period	78,909	65,366

(5) Notes on Consolidated Financial Statements

Notes on the Preconditions for a Going Concern: None