Hitachi Construction Machinery Co., Ltd.

Financial Results for the Year Ended March 31, 2015

(English translation of “KESSAN TANSHIN” originally issued in Japanese language.)
Consolidated Financial Results for the Year Ended March 31, 2015  
(IfRS)  
June 23, 2015

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 of ordinary General Meeting of Shareholders: June 22, 2015  
Scheduled date for submission of Securities Report: June 23, 2015

1. Consolidated results for the year ended March 2015 (April 1, 2014 to March 31, 2015)  
(1) Consolidated results  

(Rounded off to the nearest million)

<table>
<thead>
<tr>
<th></th>
<th>Revenue</th>
<th>Operating profit</th>
<th>Income before income taxes</th>
<th>Net income</th>
<th>Net income attributable to owners of the parent</th>
<th>Comprehensive income</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Millions of yen</td>
<td>%</td>
<td>Millions of yen</td>
<td>%</td>
<td>Millions of yen</td>
<td>%</td>
</tr>
<tr>
<td>March 31, 2015</td>
<td>815,792</td>
<td>1.6</td>
<td>63,131</td>
<td>(15.7)</td>
<td>58,953</td>
<td>(2.2)</td>
</tr>
<tr>
<td>March 31, 2014</td>
<td>802,988</td>
<td>1.0</td>
<td>74,863</td>
<td>58.9</td>
<td>60,252</td>
<td>41.9</td>
</tr>
</tbody>
</table>

Net income attributable to owners of the Parent per share  

<table>
<thead>
<tr>
<th></th>
<th>Yen</th>
<th>%</th>
<th>Yen</th>
<th>%</th>
<th>Yen</th>
<th>%</th>
<th>Yen</th>
<th>%</th>
<th>Yen</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>March 31, 2015</td>
<td>122.44</td>
<td></td>
<td>122.42</td>
<td></td>
<td>6.3</td>
<td></td>
<td>5.4</td>
<td></td>
<td>7.7</td>
<td></td>
</tr>
<tr>
<td>March 31, 2014</td>
<td>168.30</td>
<td></td>
<td>168.24</td>
<td></td>
<td>9.6</td>
<td></td>
<td>5.5</td>
<td></td>
<td>9.3</td>
<td></td>
</tr>
</tbody>
</table>

References:  
1. Equity in net earnings of affiliated companies: March 2015: ¥1,454 million  
   March 2014: ¥243 million  
2. Earnings per share attributable to owners of the parent (basic and diluted) are based on profit attributable to owners of the parent.

(2) Consolidated financial position

<table>
<thead>
<tr>
<th></th>
<th>Total assets</th>
<th>Total equity</th>
<th>Total equity attributable to owners of the parent (basic)</th>
<th>Equity attributable to owners of the parent</th>
<th>Equity per share attributable to owners of the parent</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Millions of yen</td>
<td>Millions of yen</td>
<td>Millions of yen</td>
<td>%</td>
<td>Yen</td>
</tr>
<tr>
<td>March 31, 2015</td>
<td>1,064,673</td>
<td>497,902</td>
<td>431,227</td>
<td>40.5</td>
<td>2,028.57</td>
</tr>
<tr>
<td>March 31, 2014</td>
<td>1,101,114</td>
<td>455,953</td>
<td>397,004</td>
<td>36.1</td>
<td>1,868.17</td>
</tr>
</tbody>
</table>

(3) Consolidated cash flows

<table>
<thead>
<tr>
<th></th>
<th>Net cash from operating activities</th>
<th>Net cash from investing activities</th>
<th>Net cash from financial activities</th>
<th>Cash and cash equivalents at end of year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Millions of yen</td>
<td>Millions of yen</td>
<td>Millions of yen</td>
<td>Millions of yen</td>
</tr>
<tr>
<td>March 31, 2015</td>
<td>106,229</td>
<td>17,976</td>
<td>96,294</td>
<td>51,433</td>
</tr>
<tr>
<td>March 31, 2014</td>
<td>80,284</td>
<td>41,172</td>
<td>55,694</td>
<td>53,672</td>
</tr>
</tbody>
</table>

2. Dividends status

<table>
<thead>
<tr>
<th></th>
<th>Cash dividends per share</th>
<th>Dividends Paid (Total)</th>
<th>Dividend Payout Ratio (Consolidated)</th>
<th>Dividends on Equity Ratio (Consolidated)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>First Quarter</td>
<td>Second Quarter</td>
<td>Third Quarter</td>
<td>Year end</td>
</tr>
<tr>
<td>March 31, 2014</td>
<td>—</td>
<td>25.00</td>
<td>—</td>
<td>25.00</td>
</tr>
<tr>
<td>March 31, 2015</td>
<td>—</td>
<td>30.00</td>
<td>—</td>
<td>30.00</td>
</tr>
<tr>
<td>March 31, 2016</td>
<td>—</td>
<td>30.00</td>
<td>—</td>
<td>30.00</td>
</tr>
</tbody>
</table>

(English translation of “KESSAN TANSHIN” originally issued in Japanese language.)
3. Projected consolidated results for the fiscal year ending March 2016 (April 1, 2015 to March 31, 2016)

<table>
<thead>
<tr>
<th></th>
<th>Revenue</th>
<th>Operating profit</th>
<th>Income before income taxes</th>
<th>Net income attributable to owners of the parent</th>
<th>Net income attributable to owners of the parent per share (basic)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Millions of yen</td>
<td>Millions of yen</td>
<td>Millions of yen</td>
<td>Millions of yen</td>
<td>Yen</td>
</tr>
<tr>
<td>September 30, 2015 (Interim)</td>
<td>380,000</td>
<td>18,500</td>
<td>15,500</td>
<td>5,500</td>
<td>25.87</td>
</tr>
<tr>
<td>March 31, 2016</td>
<td>810,000 (0.7)</td>
<td>54,000 (14.5)</td>
<td>49,000 (16.9)</td>
<td>27,000</td>
<td>3.8</td>
</tr>
</tbody>
</table>

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

(1) Significant changes involving subsidiaries during the fiscal year (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
   [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)
      March 2015: 215,115,038
      March 2014: 215,115,038
   [2] Number of treasury shares at fiscal year-end
      March 2015: 2,537,814
      March 2014: 2,605,021
   [3] Average number of common shares outstanding during the fiscal year (shares)
      March 2015: 212,544,707
      March 2014: 212,406,699

Indication of audit procedure implementation status
This earnings report is exempt from audit procedure based upon the Financial Instruments and Exchange Act. At the time of disclosing the earnings report, the company has completed audit procedure on its consolidated financial statements based upon the Financial Instruments and Exchange Act.

Explanation on the appropriate use of results forecasts and other important items
(1) The Company adopted International Financial Reporting Standards ("IFRS") from the presentation of the consolidated financial statements in its annual securities report for the fiscal year ending March 31, 2015. This report is a voluntary disclosure for major information of its consolidated financial statements based on IFRS. The Company has disclosed the earnings report (for the year ended March 31, 2015, consolidated) based on Japanese GAAP on April 27, 2015.
(2) 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.
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(English translation of “KESSAN TANSHIN” originally issued in Japanese language.)
### 1. Consolidated Financial Statements

#### (1) Consolidated Statements of Financial Position

<table>
<thead>
<tr>
<th>Assets</th>
<th>As of March 31, 2015</th>
<th>As of March 31, 2014</th>
<th>As of April 1, 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>51,433</td>
<td>53,672</td>
<td>66,622</td>
</tr>
<tr>
<td>Trade receivables</td>
<td>231,473</td>
<td>248,396</td>
<td>248,858</td>
</tr>
<tr>
<td>Inventories</td>
<td>313,488</td>
<td>321,153</td>
<td>314,723</td>
</tr>
<tr>
<td>Other financial assets</td>
<td>32,053</td>
<td>29,412</td>
<td>19,512</td>
</tr>
<tr>
<td>Other current assets</td>
<td>10,519</td>
<td>10,460</td>
<td>18,610</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>638,966</td>
<td>663,093</td>
<td>668,325</td>
</tr>
<tr>
<td><strong>Non-current assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>281,326</td>
<td>285,513</td>
<td>269,440</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>9,972</td>
<td>13,018</td>
<td>18,223</td>
</tr>
<tr>
<td>Goodwill</td>
<td>9,590</td>
<td>8,646</td>
<td>8,675</td>
</tr>
<tr>
<td>Investments accounted for using the equity method</td>
<td>31,913</td>
<td>23,369</td>
<td>18,031</td>
</tr>
<tr>
<td>Trade receivables</td>
<td>30,089</td>
<td>50,744</td>
<td>49,166</td>
</tr>
<tr>
<td>Deferred tax asset</td>
<td>18,331</td>
<td>16,783</td>
<td>19,073</td>
</tr>
<tr>
<td>Other financial assets</td>
<td>31,110</td>
<td>30,145</td>
<td>28,753</td>
</tr>
<tr>
<td>Other non-current assets</td>
<td>13,376</td>
<td>9,803</td>
<td>6,725</td>
</tr>
<tr>
<td><strong>Total non-current assets</strong></td>
<td>425,707</td>
<td>438,021</td>
<td>418,086</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>1,064,673</td>
<td>1,101,114</td>
<td>1,086,411</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Liabilities</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current liabilities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>210,345</td>
<td>209,936</td>
<td>222,650</td>
</tr>
<tr>
<td>Bonds and borrowings</td>
<td>137,094</td>
<td>219,758</td>
<td>192,821</td>
</tr>
<tr>
<td>Income tax payables</td>
<td>7,626</td>
<td>8,206</td>
<td>14,166</td>
</tr>
<tr>
<td>Other financial liabilities</td>
<td>8,722</td>
<td>11,442</td>
<td>12,360</td>
</tr>
<tr>
<td>Other current liabilities</td>
<td>5,273</td>
<td>5,388</td>
<td>5,133</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td>369,060</td>
<td>454,730</td>
<td>447,107</td>
</tr>
<tr>
<td><strong>Non-current liabilities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>20,091</td>
<td>19,331</td>
<td>11,802</td>
</tr>
<tr>
<td>Bonds and borrowings</td>
<td>150,579</td>
<td>151,542</td>
<td>200,162</td>
</tr>
<tr>
<td>Retirement and severance benefit</td>
<td>13,446</td>
<td>12,505</td>
<td>13,901</td>
</tr>
<tr>
<td>Deferred tax liability</td>
<td>9,483</td>
<td>195</td>
<td>396</td>
</tr>
<tr>
<td>Other financial liabilities</td>
<td>194</td>
<td>280</td>
<td>808</td>
</tr>
<tr>
<td>Other non-current liabilities</td>
<td>3,918</td>
<td>6,578</td>
<td>5,938</td>
</tr>
<tr>
<td><strong>Total non-current liabilities</strong></td>
<td>197,711</td>
<td>190,431</td>
<td>232,007</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>566,771</td>
<td>645,161</td>
<td>680,114</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Equity</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Equity attributable to owners of the parent</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Common stock</td>
<td>81,577</td>
<td>81,577</td>
<td>81,577</td>
</tr>
<tr>
<td>Capital surplus</td>
<td>84,315</td>
<td>84,296</td>
<td>83,903</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>226,332</td>
<td>211,978</td>
<td>185,780</td>
</tr>
<tr>
<td>Accumulated other comprehensive income</td>
<td>42,159</td>
<td>22,390</td>
<td>3,728</td>
</tr>
<tr>
<td>Treasury stock, at cost</td>
<td>(3,156)</td>
<td>(3,237)</td>
<td>(3,982)</td>
</tr>
<tr>
<td><strong>Total Equity attribute to owners of the parent</strong></td>
<td>431,227</td>
<td>397,004</td>
<td>351,006</td>
</tr>
<tr>
<td><strong>Non-controlling interests</strong></td>
<td>66,675</td>
<td>58,949</td>
<td>55,291</td>
</tr>
<tr>
<td><strong>Total equity</strong></td>
<td>497,902</td>
<td>455,953</td>
<td>406,297</td>
</tr>
<tr>
<td><strong>Total liabilities and equity</strong></td>
<td>1,064,673</td>
<td>1,101,114</td>
<td>1,086,411</td>
</tr>
</tbody>
</table>

(English translation of “KESSAN TANSHIN” originally issued in Japanese language.)
# (2) Consolidated Statements of Income

<table>
<thead>
<tr>
<th></th>
<th>Year ended March 31, 2015 (Millions of yen)</th>
<th>Year ended March 31, 2014 (Millions of yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>815,792</td>
<td>802,988</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>(597,156)</td>
<td>(572,523)</td>
</tr>
<tr>
<td>Gross operating profit</td>
<td>218,636</td>
<td>230,465</td>
</tr>
<tr>
<td>Selling, general and administrative expenses</td>
<td>(156,717)</td>
<td>(154,261)</td>
</tr>
<tr>
<td>Other income</td>
<td>4,496</td>
<td>6,475</td>
</tr>
<tr>
<td>Other expenses</td>
<td>(3,284)</td>
<td>(7,816)</td>
</tr>
<tr>
<td>Operating profit</td>
<td>63,131</td>
<td>74,863</td>
</tr>
<tr>
<td>Financial income</td>
<td>4,675</td>
<td>4,226</td>
</tr>
<tr>
<td>Financial expenses</td>
<td>(10,307)</td>
<td>(19,080)</td>
</tr>
<tr>
<td>Share of profits (losses) of investments accounted for using the equity method</td>
<td>1,454</td>
<td>243</td>
</tr>
<tr>
<td>Income before income taxes</td>
<td>58,953</td>
<td>60,252</td>
</tr>
<tr>
<td>Income taxes</td>
<td>(28,697)</td>
<td>(18,276)</td>
</tr>
<tr>
<td>Net income</td>
<td>30,256</td>
<td>41,976</td>
</tr>
<tr>
<td>Net income attributable to</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Owners of the parent</td>
<td>26,023</td>
<td>35,747</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>4,233</td>
<td>6,229</td>
</tr>
<tr>
<td>Total net income</td>
<td>30,256</td>
<td>41,976</td>
</tr>
<tr>
<td>EPS attributable to owners of the parent</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net income per share (Basic) (yen)</td>
<td>122.44</td>
<td>168.30</td>
</tr>
<tr>
<td>Net income per share (Diluted) (yen)</td>
<td>122.42</td>
<td>168.24</td>
</tr>
</tbody>
</table>

(English translation of “KESSAN TANSHIN” originally issued in Japanese language.)
(3) Consolidated Statements of Comprehensive Income  

<table>
<thead>
<tr>
<th></th>
<th>Year ended March 31, 2015</th>
<th>Year ended March 31, 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income for the year</td>
<td>30,256</td>
<td>41,976</td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Items that cannot be reclassified into net income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net gains and losses from financial assets measured at fair value</td>
<td></td>
<td></td>
</tr>
<tr>
<td>through OCI</td>
<td>603</td>
<td>824</td>
</tr>
<tr>
<td>Remeasurements of defined benefit obligations</td>
<td>(369)</td>
<td>688</td>
</tr>
<tr>
<td>Other comprehensive income of equity method associates</td>
<td>(151)</td>
<td>3</td>
</tr>
<tr>
<td>Items that can be reclassified into net income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Foreign currency translation adjustments</td>
<td>24,640</td>
<td>14,707</td>
</tr>
<tr>
<td>Cash flow hedges</td>
<td>121</td>
<td>1,909</td>
</tr>
<tr>
<td>Other comprehensive income of equity method associates</td>
<td>1,896</td>
<td>3,495</td>
</tr>
<tr>
<td>Other comprehensive income, net of taxes</td>
<td>26,740</td>
<td>21,626</td>
</tr>
<tr>
<td>Comprehensive income</td>
<td>56,996</td>
<td>63,602</td>
</tr>
<tr>
<td>Comprehensive income attributable to</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Owners of the parent</td>
<td>45,782</td>
<td>54,409</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>11,214</td>
<td>9,193</td>
</tr>
</tbody>
</table>

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

8
## (4) Consolidated Statements of Changes in Equity

**Year ended March 31, 2015**

(Millions of yen)

<table>
<thead>
<tr>
<th></th>
<th>Equity attributable to owners of the parent</th>
<th>Accumulated other comprehensive income</th>
<th>Non-controlling interests</th>
<th>Total equity</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Common stock</td>
<td>Capital surplus</td>
<td>Retained earnings</td>
<td>Remeasurements of defined benefit obligations</td>
</tr>
<tr>
<td><strong>Balance at beginning of year</strong></td>
<td>81,577</td>
<td>84,296</td>
<td>211,978</td>
<td>700</td>
</tr>
<tr>
<td><strong>Profit for the year</strong></td>
<td>-</td>
<td>-</td>
<td>26,023</td>
<td>-</td>
</tr>
<tr>
<td><strong>Comprehensive income for the year</strong></td>
<td>-</td>
<td>-</td>
<td>26,023</td>
<td>(515)</td>
</tr>
<tr>
<td><strong>Acquisition of treasury stock</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Sale of treasury stock</strong></td>
<td>-</td>
<td>19</td>
<td>-</td>
<td>(11,689)</td>
</tr>
<tr>
<td><strong>Increase/decrease by share exchange</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Transfer to retained earnings</strong></td>
<td>-</td>
<td>20</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Other increase/decrease</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Transaction with owners</strong></td>
<td>-</td>
<td>19</td>
<td>(11,689)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Balance at end of year</strong></td>
<td>81,577</td>
<td>84,315</td>
<td>226,232</td>
<td>185</td>
</tr>
</tbody>
</table>

(Millions of yen)

<table>
<thead>
<tr>
<th></th>
<th>Equity attributable to owners of the parent</th>
<th>Accumulated other comprehensive income</th>
<th>Total equity</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Foreign currency translation adjustments</td>
<td>Treasury stock, at cost</td>
<td>Total</td>
</tr>
<tr>
<td><strong>Balance at beginning of year</strong></td>
<td>15,112</td>
<td>22,390</td>
<td>(3,237)</td>
</tr>
<tr>
<td><strong>Profit for the year</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Other comprehensive income</strong></td>
<td>19,489</td>
<td>19,759</td>
<td>-</td>
</tr>
<tr>
<td><strong>Comprehensive income for the year</strong></td>
<td>19,489</td>
<td>19,759</td>
<td>-</td>
</tr>
<tr>
<td><strong>Acquisition of treasury stock</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Sale of treasury stock</strong></td>
<td>-</td>
<td>85</td>
<td>-</td>
</tr>
<tr>
<td><strong>Increase/decrease by share exchange</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Transfer to retained earnings</strong></td>
<td>-</td>
<td>30</td>
<td>-</td>
</tr>
<tr>
<td><strong>Other increase/decrease</strong></td>
<td>-</td>
<td>(20)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Transaction with owners</strong></td>
<td>-</td>
<td>10</td>
<td>81</td>
</tr>
<tr>
<td><strong>Balance at end of year</strong></td>
<td>34,601</td>
<td>42,159</td>
<td>(3,156)</td>
</tr>
</tbody>
</table>

(English translation of “KESSAN TANSHIN” originally issued in Japanese language.)
### Equity attributable to owners of the parent

(Millions of yen)

<table>
<thead>
<tr>
<th></th>
<th>Common stock</th>
<th>Capital surplus</th>
<th>Retained earnings</th>
<th>Accumulated other comprehensive income</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Remeasurements of defined benefit obligations</td>
</tr>
<tr>
<td>Balance at beginning of year</td>
<td>81,577</td>
<td>83,903</td>
<td>185,780</td>
<td>-</td>
</tr>
<tr>
<td>Profit for the year</td>
<td></td>
<td></td>
<td></td>
<td>35,747</td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Comprehensive income for the year</td>
<td>-</td>
<td>-</td>
<td>35,747</td>
<td>700</td>
</tr>
<tr>
<td>Acquisition of treasury stock</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sale of treasury stock</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increase/decrease by share exchange</td>
<td>393</td>
<td></td>
<td></td>
<td>(9,549)</td>
</tr>
<tr>
<td>Dividends to owners of the parent</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gains/losses on change in equity</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfer to retained earnings</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other increase/decrease</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transaction with owners</td>
<td>-</td>
<td>393</td>
<td>(9,549)</td>
<td>-</td>
</tr>
<tr>
<td>Balance at end of year</td>
<td>81,577</td>
<td>84,296</td>
<td>211,978</td>
<td>700</td>
</tr>
</tbody>
</table>

(Millions of yen)

<table>
<thead>
<tr>
<th></th>
<th>Accumulated other comprehensive income</th>
<th>Treasury stock, at cost</th>
<th>Total</th>
<th>Non-controlling interests</th>
<th>Total equity</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Foreign currency translation adjustments</td>
<td>Total</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance at beginning of year</td>
<td>-</td>
<td>3,728</td>
<td>(3,982)</td>
<td>351,006</td>
<td>52,291</td>
</tr>
<tr>
<td>Profit for the year</td>
<td></td>
<td>-</td>
<td>35,747</td>
<td>6,229</td>
<td>41,976</td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td>15,112</td>
<td>18,662</td>
<td></td>
<td>2,964</td>
<td>21,626</td>
</tr>
<tr>
<td>Comprehensive income for the year</td>
<td>15,112</td>
<td>18,662</td>
<td></td>
<td>54,409</td>
<td>9,193</td>
</tr>
<tr>
<td>Acquisition of treasury stock</td>
<td>-</td>
<td>-</td>
<td>(6)</td>
<td>(6)</td>
<td>(6)</td>
</tr>
<tr>
<td>Sale of treasury stock</td>
<td>-</td>
<td>170</td>
<td>563</td>
<td>563</td>
<td></td>
</tr>
<tr>
<td>Increase/decrease by share exchange</td>
<td>-</td>
<td>581</td>
<td>581</td>
<td>581</td>
<td></td>
</tr>
<tr>
<td>Dividends to owners of the parent</td>
<td>-</td>
<td>(9,549)</td>
<td>(3,857)</td>
<td>(13,406)</td>
<td></td>
</tr>
<tr>
<td>Gains/losses on change in equity</td>
<td>-</td>
<td>-</td>
<td>(1,678)</td>
<td>(1,678)</td>
<td></td>
</tr>
<tr>
<td>Transfer to retained earnings</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Other increase/decrease</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Transaction with owners</td>
<td>-</td>
<td>-</td>
<td>745</td>
<td>(8,411)</td>
<td>(5,535)</td>
</tr>
<tr>
<td>Balance at end of year</td>
<td>15,112</td>
<td>22,390</td>
<td>(3,237)</td>
<td>397,004</td>
<td>58,949</td>
</tr>
</tbody>
</table>
## (5) Consolidated Statements of Cash Flows

<table>
<thead>
<tr>
<th>(Millions of yen)</th>
<th>Year ended March 31, 2015</th>
<th>Year ended March 31, 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income</td>
<td>30,256</td>
<td>41,976</td>
</tr>
<tr>
<td>Depreciation</td>
<td>31,531</td>
<td>30,815</td>
</tr>
<tr>
<td>Amortization</td>
<td>5,885</td>
<td>5,773</td>
</tr>
<tr>
<td>Impairment losses</td>
<td>487</td>
<td>3,408</td>
</tr>
<tr>
<td>Income tax expense</td>
<td>28,697</td>
<td>18,276</td>
</tr>
<tr>
<td>Equity in net earnings of associates</td>
<td>(1,454)</td>
<td>(243)</td>
</tr>
<tr>
<td>Gain (loss) on sales of property, plant and equipment</td>
<td>220</td>
<td>(2,546)</td>
</tr>
<tr>
<td>Financial income</td>
<td>(4,675)</td>
<td>(4,226)</td>
</tr>
<tr>
<td>Financial expense</td>
<td>10,307</td>
<td>19,080</td>
</tr>
<tr>
<td>(Increase) decrease in trade receivables</td>
<td>10,502</td>
<td>(3,622)</td>
</tr>
<tr>
<td>(Increase) decrease in lease receivables</td>
<td>21,731</td>
<td>22,600</td>
</tr>
<tr>
<td>(Increase) decrease in inventories</td>
<td>16,643</td>
<td>3,627</td>
</tr>
<tr>
<td>Increase (decrease) in trade payables</td>
<td>(8,469)</td>
<td>(12,850)</td>
</tr>
<tr>
<td>Increase (decrease) in provisions and retirement benefit obligations</td>
<td>1,033</td>
<td>(576)</td>
</tr>
<tr>
<td>Other</td>
<td>(13,320)</td>
<td>(16,796)</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>129,374</td>
<td>104,696</td>
</tr>
<tr>
<td>Interest received</td>
<td>4,055</td>
<td>3,837</td>
</tr>
<tr>
<td>Dividends received</td>
<td>485</td>
<td>365</td>
</tr>
<tr>
<td>Interest paid</td>
<td>(8,033)</td>
<td>(9,229)</td>
</tr>
<tr>
<td>Income tax paid</td>
<td>(19,652)</td>
<td>(19,385)</td>
</tr>
<tr>
<td><strong>Net cash provided by operating activities</strong></td>
<td>106,229</td>
<td>80,284</td>
</tr>
<tr>
<td>Capital expenditures</td>
<td>(15,931)</td>
<td>(38,737)</td>
</tr>
<tr>
<td>Proceeds from disposal of property, plant and equipment</td>
<td>1,930</td>
<td>3,875</td>
</tr>
<tr>
<td>Purchase of intangible assets</td>
<td>(2,746)</td>
<td>(3,022)</td>
</tr>
<tr>
<td>Purchase of investments in securities and other financial assets (including investments in associates)</td>
<td>(3,046)</td>
<td>(3,725)</td>
</tr>
<tr>
<td>Sales of investments in securities and other financial assets (including investments in associates)</td>
<td>2,023</td>
<td>(855)</td>
</tr>
<tr>
<td>Other</td>
<td>(206)</td>
<td>1,292</td>
</tr>
<tr>
<td><strong>Net cash used in investing activities</strong></td>
<td>(17,976)</td>
<td>(41,172)</td>
</tr>
<tr>
<td>Increase (decrease) in short-term debt, net</td>
<td>(50,495)</td>
<td>(29,638)</td>
</tr>
<tr>
<td>Proceeds from long-term debt and bond</td>
<td>60,486</td>
<td>39,412</td>
</tr>
<tr>
<td>Payments on long-term debt</td>
<td>(86,603)</td>
<td>(47,852)</td>
</tr>
<tr>
<td>Payments on lease payables</td>
<td>(4,817)</td>
<td>(4,964)</td>
</tr>
<tr>
<td>Dividends paid to owners of the parent</td>
<td>(11,676)</td>
<td>(9,556)</td>
</tr>
<tr>
<td>Dividends paid to non-controlling interests</td>
<td>(3,289)</td>
<td>(3,276)</td>
</tr>
<tr>
<td>Other</td>
<td>100</td>
<td>180</td>
</tr>
<tr>
<td><strong>Net cash used in financing activities</strong></td>
<td>(96,294)</td>
<td>(55,694)</td>
</tr>
<tr>
<td>Effect of exchange rate changes on cash and cash equivalents</td>
<td>5,802</td>
<td>3,632</td>
</tr>
<tr>
<td>Net increase (decrease) in cash and cash equivalents</td>
<td>(2,239)</td>
<td>(12,950)</td>
</tr>
<tr>
<td>Cash and cash equivalents at beginning of year</td>
<td>53,672</td>
<td>66,622</td>
</tr>
<tr>
<td>Cash and cash equivalents at end of year</td>
<td>51,433</td>
<td>53,672</td>
</tr>
</tbody>
</table>

(English translation of “KESSAN TANSHIN” originally issued in Japanese language.)
(6) Notes on consolidated financial statements

Segment information

1. Reportable segment information
The operating segments of the Company are components of the consolidated group for which separate financial information is available and regularly reviewed by the Board of Directors for the purpose of decision making about allocation of management resources and analysis of their performance.
The business of the consolidation group is the production and distribution of construction machinery, and there are no other operating segments to be distinguished. Therefore, the consolidation group has a single reportable segment, construction machinery business.

2. Information on product and service
The following table shows revenues from outside customers by product and service for the years ended March 31, 2015 and 2014.

<table>
<thead>
<tr>
<th></th>
<th>Year ended March 31, 2015</th>
<th>Year ended March 31, 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mining machinery</td>
<td>122,127</td>
<td>126,802</td>
</tr>
<tr>
<td>Construction machinery</td>
<td>693,665</td>
<td>676,186</td>
</tr>
<tr>
<td>Total</td>
<td>815,792</td>
<td>802,988</td>
</tr>
</tbody>
</table>

Earnings per share

The bases of the calculation for the basic and diluted earnings per share (attributable to owners of the parent) for the years ended March 31, 2015 and 2014 are as follows:

<table>
<thead>
<tr>
<th></th>
<th>Year ended March 31, 2015</th>
<th>Year ended March 31, 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit attributable to owners of the parent</td>
<td>26,023</td>
<td>35,747</td>
</tr>
<tr>
<td>Profit used to calculate of the basic earnings per share</td>
<td>26,023</td>
<td>35,747</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Year ended March 31, 2015</th>
<th>Year ended March 31, 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Weighted average number of common shares outstanding</td>
<td>212,544,707</td>
<td>212,406,699</td>
</tr>
<tr>
<td>Dilutive effect of stock options</td>
<td>30,777</td>
<td>68,839</td>
</tr>
<tr>
<td>Weighted average number of common shares outstanding - diluted</td>
<td>212,575,484</td>
<td>212,475,538</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Year ended March 31, 2015</th>
<th>Year ended March 31, 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Earnings per share attributable to owners -basic</td>
<td>122.44</td>
<td>168.30</td>
</tr>
<tr>
<td>Earnings per share attributable to owners -diluted</td>
<td>122.42</td>
<td>168.24</td>
</tr>
</tbody>
</table>

Summary of dilutive shares not included the calculation of diluted earnings per share (attribute to owners of the parent) due to no dilutive effect

3,050 shares of subscription rights to shares as a result of a special resolution at the annual meeting of shareholder dated on June 26, 2006
3,320 shares of subscription rights to shares as a result of a special resolution at the annual meeting of shareholder dated on June 25, 2007

(English translation of “KESSAN TANSHN” originally issued in Japanese language.)
2. Disclosure about transition to IFRS

In preparing its consolidated financial statements as of the date of transition to IFRS, the company has adjusted the amounts reported previously in its consolidated financial statements prepared in accordance with Japanese GAAP. An explanation of how the transition from Japanese GAAP to IFRS has affected the company’s consolidated statement of financial position, profit or loss, comprehensive income and cash flows is as follows:

Reconciliation of Equity as of April 1, 2013

<table>
<thead>
<tr>
<th>Accounts in accordance with Japanese GAAP</th>
<th>Japanese GAAP</th>
<th>Effect of transition</th>
<th>IFRS</th>
<th>Accounts in accordance with IFRS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and bank deposits</td>
<td>62,640</td>
<td>3,982</td>
<td>66,622</td>
<td>Cash and cash equivalents</td>
</tr>
<tr>
<td>Notes and accounts receivables</td>
<td>308,206</td>
<td>(59,348)</td>
<td>248,858</td>
<td>Trade receivables</td>
</tr>
<tr>
<td>Inventories</td>
<td>314,911</td>
<td>(188)</td>
<td>314,723</td>
<td>Inventories</td>
</tr>
<tr>
<td>Deferred tax assets</td>
<td>13,903</td>
<td>(13,903)</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>42,108</td>
<td>(22,596)</td>
<td>19,512</td>
<td>Other financial assets</td>
</tr>
<tr>
<td>Less: Allowance for doubtful accounts</td>
<td>(7,949)</td>
<td>7,949</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>733,819</td>
<td>(65,494)</td>
<td>668,325</td>
<td>Total current assets</td>
</tr>
<tr>
<td>Non-current assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>271,195</td>
<td>(1,755)</td>
<td>269,440</td>
<td>Property, plant and equipment</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>32,661</td>
<td>(14,438)</td>
<td>18,223</td>
<td>Intangible assets</td>
</tr>
<tr>
<td>Investments in securities</td>
<td>27,086</td>
<td>(9,055)</td>
<td>18,031</td>
<td>the equity method</td>
</tr>
<tr>
<td>Deferred tax asset</td>
<td>5,263</td>
<td>13,810</td>
<td>19,073</td>
<td>Deferred tax asset</td>
</tr>
<tr>
<td>Other</td>
<td>30,395</td>
<td>(23,670)</td>
<td>6,725</td>
<td>Other non-current assets</td>
</tr>
<tr>
<td>Less: Allowance for doubtful accounts</td>
<td>(518)</td>
<td>518</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td><strong>Total non-current assets</strong></td>
<td>366,082</td>
<td>52,004</td>
<td>418,086</td>
<td>Total non-current assets</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>1,099,901</td>
<td>(13,490)</td>
<td>1,086,411</td>
<td>Total assets</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current liabilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Notes and accounts payable</td>
<td>149,128</td>
<td>73,522</td>
<td>222,650</td>
<td>Trade and other payables</td>
</tr>
<tr>
<td>Short-term loans</td>
<td>192,821</td>
<td>-</td>
<td>192,821</td>
<td>Bonds and borrowings</td>
</tr>
<tr>
<td>Income taxes payable</td>
<td>14,563</td>
<td>(420)</td>
<td>14,143</td>
<td>Income tax payables</td>
</tr>
<tr>
<td>Other</td>
<td>90,743</td>
<td>(78,383)</td>
<td>12,360</td>
<td>Other financial liabilities</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td>447,255</td>
<td>(148)</td>
<td>447,107</td>
<td>Total current liabilities</td>
</tr>
<tr>
<td>Non-current liabilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bonds</td>
<td>50,000</td>
<td>150,162</td>
<td>200,162</td>
<td>Bonds and borrowings</td>
</tr>
<tr>
<td>Long-term loans</td>
<td>150,281</td>
<td>(150,281)</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Lease obligations</td>
<td>9,984</td>
<td>(9,984)</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Provision for retirement benefits</td>
<td>8,913</td>
<td>4,988</td>
<td>13,901</td>
<td>Net defined benefit liability</td>
</tr>
<tr>
<td>Other</td>
<td>16,797</td>
<td>(16,401)</td>
<td>396</td>
<td>Deferred tax liability</td>
</tr>
<tr>
<td><strong>Total non-current liabilities</strong></td>
<td>235,975</td>
<td>(2,968)</td>
<td>233,007</td>
<td>Total non-current liabilities</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>683,230</td>
<td>(3,116)</td>
<td>680,114</td>
<td>Total liabilities</td>
</tr>
</tbody>
</table>

(English translation of “KESSAN TANSHIN” originally issued in Japanese language.)
<table>
<thead>
<tr>
<th>Accounts in accordance with Japanese GAAP</th>
<th>Japanese GAAP</th>
<th>Effect of transition</th>
<th>IFRS</th>
<th>Accounts in accordance with IFRS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shareholders’ equity</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Common stock</td>
<td>81,577</td>
<td>-</td>
<td>81,577</td>
<td>Common stock</td>
</tr>
<tr>
<td>Capital surplus</td>
<td>84,500</td>
<td>(597)</td>
<td>83,903</td>
<td>Capital surplus</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>199,779</td>
<td>(13,999)</td>
<td>185,780</td>
<td>Retained earnings</td>
</tr>
<tr>
<td>Treasury stock</td>
<td>(3,982)</td>
<td>-</td>
<td>(3,982)</td>
<td>Treasury stock, at cost</td>
</tr>
<tr>
<td>Total Shareholders’ equity</td>
<td>361,874</td>
<td>(361,874)</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Accumulated other comprehensive income</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net unrealized gains on securities</td>
<td>3,056</td>
<td>(3,056)</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Deferred losses on hedges</td>
<td>(2,323)</td>
<td>2,323</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Foreign currency translation adjustments</td>
<td>(1,444)</td>
<td>1,444</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Total accumulated other comprehensive income</td>
<td>(711)</td>
<td>4,439</td>
<td>3,728</td>
<td>Accumulated other comprehensive income</td>
</tr>
<tr>
<td>Subscription rights to shares</td>
<td>766</td>
<td>(766)</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Minority interests</td>
<td>54,742</td>
<td>549</td>
<td>55,291</td>
<td>Non-controlling interests</td>
</tr>
<tr>
<td>Total net assets</td>
<td>416,671</td>
<td>(10,374)</td>
<td>406,297</td>
<td>Total equity</td>
</tr>
<tr>
<td>Total liabilities and net assets</td>
<td>1,099,901</td>
<td>(13,490)</td>
<td>1,086,411</td>
<td>Total liabilities and equity</td>
</tr>
</tbody>
</table>

(English translation of “KESSAN TANSHIN” originally issued in Japanese language.)
Reconciliation of Equity as of March 31, 2014  
(English translation of “KESSAN TANSHIN” originally issued in Japanese language.)

<table>
<thead>
<tr>
<th></th>
<th>Accounts in accordance with Japanese GAAP</th>
<th>Japanese GAAP</th>
<th>Effect of transition</th>
<th>IFRS</th>
<th>Accounts in accordance with IFRS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and bank deposits</td>
<td>53,353</td>
<td>319</td>
<td>53,672</td>
<td>53,353</td>
<td>Cash and cash equivalents</td>
</tr>
<tr>
<td>Trade receivables</td>
<td>302,618</td>
<td>(54,222)</td>
<td>248,396</td>
<td>302,618</td>
<td>Trade and other receivables</td>
</tr>
<tr>
<td>Inventories</td>
<td>321,272</td>
<td>(119)</td>
<td>321,153</td>
<td>321,272</td>
<td>Inventories</td>
</tr>
<tr>
<td>Deferred tax assets</td>
<td>11,186</td>
<td>(11,186)</td>
<td>-</td>
<td>11,186</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>40,208</td>
<td>(10,796)</td>
<td>29,412</td>
<td>40,208</td>
<td>Other financial assets</td>
</tr>
<tr>
<td>Less: Allowance for doubtful accounts</td>
<td>-</td>
<td>10,460</td>
<td>10,460</td>
<td>-</td>
<td>Other current assets</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>718,937</td>
<td>(55,844)</td>
<td>663,093</td>
<td>718,937</td>
<td>Total current assets</td>
</tr>
<tr>
<td>Non-current assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>288,947</td>
<td>(3,434)</td>
<td>285,513</td>
<td>288,947</td>
<td>Property, plant and equipment</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>22,727</td>
<td>(9,709)</td>
<td>13,018</td>
<td>22,727</td>
<td>Intangible assets</td>
</tr>
<tr>
<td>Investments in securities</td>
<td>33,345</td>
<td>(9,976)</td>
<td>23,369</td>
<td>33,345</td>
<td>Investments accounted for using the equity method</td>
</tr>
<tr>
<td>Deferred tax asset</td>
<td>6,222</td>
<td>10,561</td>
<td>16,833</td>
<td>6,222</td>
<td>Deferred tax asset</td>
</tr>
<tr>
<td>Net defined benefit asset</td>
<td>452</td>
<td>9,351</td>
<td>9,803</td>
<td>452</td>
<td>Other non-current assets</td>
</tr>
<tr>
<td>Other</td>
<td>16,896</td>
<td>(16,896)</td>
<td>-</td>
<td>16,896</td>
<td></td>
</tr>
<tr>
<td>Less: Allowance for doubtful accounts</td>
<td>(335)</td>
<td>335</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td><strong>Total non-current assets</strong></td>
<td>368,254</td>
<td>69,767</td>
<td>438,021</td>
<td>368,254</td>
<td>Total non-current assets</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>1,087,191</td>
<td>13,923</td>
<td>1,101,114</td>
<td>1,087,191</td>
<td>Total assets</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current liabilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Notes and accounts payable</td>
<td>143,134</td>
<td>66,802</td>
<td>209,936</td>
<td>143,134</td>
<td>Trade and other payables</td>
</tr>
<tr>
<td>Short-term loans</td>
<td>211,801</td>
<td>7,957</td>
<td>219,758</td>
<td>211,801</td>
<td>Bonds and borrowings</td>
</tr>
<tr>
<td>Income taxes payable</td>
<td>8,699</td>
<td>(493)</td>
<td>8,206</td>
<td>8,699</td>
<td>Income tax payables</td>
</tr>
<tr>
<td>Other</td>
<td>83,326</td>
<td>(71,884)</td>
<td>11,442</td>
<td>83,326</td>
<td>Other financial liabilities</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td>446,960</td>
<td>7,770</td>
<td>454,730</td>
<td>446,960</td>
<td>Total current liabilities</td>
</tr>
<tr>
<td>Non-current liabilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bonds</td>
<td>20,000</td>
<td>131,542</td>
<td>151,542</td>
<td>20,000</td>
<td>Trade and other payables</td>
</tr>
<tr>
<td>Long-term loans</td>
<td>131,610</td>
<td>(131,610)</td>
<td>-</td>
<td>131,610</td>
<td>Bonds and borrowings</td>
</tr>
<tr>
<td>Lease obligations</td>
<td>15,942</td>
<td>(15,942)</td>
<td>-</td>
<td>15,942</td>
<td></td>
</tr>
<tr>
<td>Provision for retirement benefits</td>
<td>12,563</td>
<td>(58)</td>
<td>12,505</td>
<td>12,563</td>
<td>Net defined benefit liability</td>
</tr>
<tr>
<td>Other</td>
<td>12,476</td>
<td>(12,281)</td>
<td>195</td>
<td>12,476</td>
<td>Deferred tax liability</td>
</tr>
<tr>
<td><strong>Total non-current liabilities</strong></td>
<td>192,591</td>
<td>(2,160)</td>
<td>190,431</td>
<td>192,591</td>
<td>Total non-current liabilities</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>639,551</td>
<td>5,610</td>
<td>645,161</td>
<td>639,551</td>
<td>Total liabilities</td>
</tr>
<tr>
<td>Accounts in accordance with Japanese GAAP</td>
<td>Japanese GAAP</td>
<td>Effect of transition</td>
<td>IFRS</td>
<td>Accounts in accordance with IFRS</td>
<td></td>
</tr>
<tr>
<td>-------------------------------------------</td>
<td>---------------</td>
<td>---------------------</td>
<td>------</td>
<td>-----------------------------</td>
<td></td>
</tr>
<tr>
<td><strong>Net Assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shareholders' equity</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Common stock</td>
<td>81,577</td>
<td></td>
<td>81,577</td>
<td>Common stock</td>
<td></td>
</tr>
<tr>
<td>Capital surplus</td>
<td>84,893</td>
<td>(597)</td>
<td>84,296</td>
<td>Capital surplus</td>
<td></td>
</tr>
<tr>
<td>Retained earnings</td>
<td>220,122</td>
<td>(8,144)</td>
<td>211,978</td>
<td>Retained earnings</td>
<td></td>
</tr>
<tr>
<td>Treasury stock</td>
<td>(3,237)</td>
<td></td>
<td>(3,237)</td>
<td>Treasury stock, at cost</td>
<td></td>
</tr>
<tr>
<td>Total Shareholders' equity</td>
<td>383,355</td>
<td>(383,355)</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net unrealized gains on securities</td>
<td>3,746</td>
<td>(3,746)</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deferred losses on hedges</td>
<td>(282)</td>
<td>282</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Foreign currency translation adjustments</td>
<td>14,058</td>
<td>(14,058)</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Remeasurements of defined benefit plans</td>
<td>(12,496)</td>
<td>12,496</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accumulated other comprehensive income</td>
<td>5,026</td>
<td>17,364</td>
<td>22,390</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subscription rights to shares</td>
<td>766</td>
<td>(766)</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>-</td>
<td>397,004</td>
<td>397,004</td>
<td>Total equity attribute to owners of the parent</td>
<td></td>
</tr>
<tr>
<td>Minority interests</td>
<td>58,493</td>
<td>456</td>
<td>58,949</td>
<td>Non-controlling interests</td>
<td></td>
</tr>
<tr>
<td>Total net assets</td>
<td>447,640</td>
<td>8,313</td>
<td>455,953</td>
<td>Total equity</td>
<td></td>
</tr>
<tr>
<td>Total liabilities and net assets</td>
<td>1,087,191</td>
<td>13,923</td>
<td>1,101,114</td>
<td>Total liabilities and equity</td>
<td></td>
</tr>
</tbody>
</table>

(English translation of “KESSAN TANSHIN” originally issued in Japanese language.)
Reconciliation of Profit or Loss and Comprehensive Income for the Year Ended March 31, 2014  
(Millions of yen)

<table>
<thead>
<tr>
<th>Accounts in accordance with Japanese GAAP</th>
<th>Japanese GAAP</th>
<th>Effect of transition</th>
<th>IFRS</th>
<th>Accounts in accordance with IFRS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>802,988</td>
<td>-</td>
<td>802,988</td>
<td>Revenue</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>(573,501)</td>
<td>978</td>
<td>(572,523)</td>
<td>Cost of sales</td>
</tr>
<tr>
<td>Gross profit</td>
<td>229,487</td>
<td>978</td>
<td>230,465</td>
<td>Gross operating profit</td>
</tr>
<tr>
<td>Selling, general and administrative expenses</td>
<td>(160,324)</td>
<td>6,063</td>
<td>(154,261)</td>
<td>Selling, general and administrative expenses</td>
</tr>
<tr>
<td>-</td>
<td>-</td>
<td>6,475</td>
<td>6,475</td>
<td>Other income</td>
</tr>
<tr>
<td>-</td>
<td>-</td>
<td>(7,816)</td>
<td>(7,816)</td>
<td>Other expenses</td>
</tr>
<tr>
<td>Operating income</td>
<td>69,163</td>
<td>5,700</td>
<td>74,863</td>
<td>Operating profit</td>
</tr>
<tr>
<td>-</td>
<td>-</td>
<td>4,226</td>
<td>4,226</td>
<td>Financial income</td>
</tr>
<tr>
<td>-</td>
<td>-</td>
<td>(19,080)</td>
<td>(19,080)</td>
<td>Financial expenses</td>
</tr>
<tr>
<td>Non-operating income</td>
<td>8,812</td>
<td>-</td>
<td>(8,812)</td>
<td>Non-operating expenses</td>
</tr>
<tr>
<td>Non-operating expenses</td>
<td>(24,304)</td>
<td>24,304</td>
<td>-</td>
<td>Extraordinary Income</td>
</tr>
<tr>
<td>Extraordinary Income</td>
<td>2,144</td>
<td>(2,144)</td>
<td>-</td>
<td>Extraordinary losses</td>
</tr>
<tr>
<td>Extraordinary losses</td>
<td>(3,040)</td>
<td>3,040</td>
<td>-</td>
<td>Income before income taxes and minority interests</td>
</tr>
<tr>
<td>Income before income taxes and minority interests</td>
<td>52,775</td>
<td>7,477</td>
<td>60,252</td>
<td>Income before income taxes</td>
</tr>
<tr>
<td>Income taxes</td>
<td>(17,594)</td>
<td>(682)</td>
<td>(18,276)</td>
<td>Income taxes</td>
</tr>
<tr>
<td>Income before minority interests</td>
<td>35,181</td>
<td>6,795</td>
<td>41,976</td>
<td>Net income</td>
</tr>
</tbody>
</table>

(Millions of yen)

<table>
<thead>
<tr>
<th>Accounts in accordance with Japanese GAAP</th>
<th>Japanese GAAP</th>
<th>Effect of transition</th>
<th>IFRS</th>
<th>Accounts in accordance with IFRS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income before minority interests</td>
<td>35,181</td>
<td>6,795</td>
<td>41,976</td>
<td>Income before minority interests</td>
</tr>
<tr>
<td>Other comprehensive income (loss)</td>
<td></td>
<td></td>
<td></td>
<td>Profit for the year</td>
</tr>
<tr>
<td>Net unrealized gains (losses) on securities</td>
<td>687</td>
<td>137</td>
<td>824</td>
<td>Other comprehensive income items that cannot be reclassified into net income</td>
</tr>
<tr>
<td>Remeasurements of defined benefit plans</td>
<td>1,775</td>
<td>(1,087)</td>
<td>688</td>
<td>Net gains and losses from financial assets measured at fair value through OCI</td>
</tr>
<tr>
<td>-</td>
<td>-</td>
<td>3</td>
<td>3</td>
<td>Remeasurements of defined benefit obligations</td>
</tr>
<tr>
<td>Foreign currency translation adjustments</td>
<td>14,547</td>
<td>160</td>
<td>14,707</td>
<td>Other comprehensive income of equity method associates</td>
</tr>
<tr>
<td>Deferred gains (losses) on hedges</td>
<td>1,939</td>
<td>(30)</td>
<td>1,909</td>
<td>Items that can be reclassified into net income</td>
</tr>
<tr>
<td>Share of other comprehensive income of companies accounted for by the equity method</td>
<td>3,478</td>
<td>17</td>
<td>3,495</td>
<td>Cash flow hedges</td>
</tr>
<tr>
<td>Comprehensive income</td>
<td>22,426</td>
<td>(800)</td>
<td>21,626</td>
<td>Other comprehensive income, net of taxes</td>
</tr>
</tbody>
</table>

Comprehensive income attributable to shareholders of the Company  
Comprehensive income attributable to minority interests  
Profit for the year  
Other comprehensive income items that cannot be reclassified into net income  
Net gains and losses from financial assets measured at fair value through OCI  
Remeasurements of defined benefit obligations  
Other comprehensive income of equity method associates  
Items that can be reclassified into net income  
Cash flow hedges  
Other comprehensive income, net of taxes  
Comprehensive income attributable to owners of the parent  
Non-controlling interests  

(English translation of “KESSAN TANSHIN” originally issued in Japanese language.)
Notes to reconciliation of Japanese GAAP to IFRS

Reconciling the items below result from changes in presentation in the consolidated statement of financial position and have no impact on the consolidated statement of profit or loss and retained earnings.

- Under Japanese GAAP, trade receivables and liabilities that occur in ordinary business are presented in current assets and liabilities based on the company’s normal operating cycle criteria. Assets and liabilities that are settled after 12 months have been disclosed as non-current assets and liabilities independently under IFRS because the company cannot define the normal operating cycle in IFRS.
- Under Japanese GAAP, the consolidated group securitizes certain trade receivables and derecognizes those receivables that meet the criteria for derecognition under Japanese GAAP. Under IFRS, trade receivables that do not meet the criteria of derecognition for financial instruments are recognized as trade receivables and related liabilities are recognized as short-term debt.
- Under Japanese GAAP, deferred tax assets and liabilities are presented separately according to their attributes in current assets and liabilities and non-current assets and liabilities. They have been reclassified as non-current assets and liabilities under IFRS.
- Under Japanese GAAP, affiliates’ stocks are included in investments in securities. This has been disclosed as investments accounted for using the equity method as defined in IFRS independently.
- Under Japanese GAAP, interest income, interest income on installment sales, and dividend income are presented in non-operating income. They have been reclassified as financial income under IFRS.
- Under Japanese GAAP, interest expense and foreign exchange loss are presented in non-operating expense. They have been reclassified as financial expense under IFRS.
- Under Japanese GAAP, gains on sales of property, plant and equipment are presented in extraordinary income. This has been reclassified as other income under IFRS.
- Under Japanese GAAP, gains on sales of subsidiaries and affiliates’ stocks are presented in extraordinary income. This has been reclassified as financial income under IFRS.
- Under Japanese GAAP, business structure improvement expenses and impairment losses are presented in extraordinary losses. They have been reclassified as other expenses under IFRS.

The following table shows the transition effect on retained earnings.

<table>
<thead>
<tr>
<th>Description</th>
<th>As of March 31, 2014</th>
<th>As of April 1, 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retained earnings under Japanese GAAP</td>
<td>220,122</td>
<td>199,779</td>
</tr>
<tr>
<td>Goodwill (see notes (1))</td>
<td>5,293</td>
<td>–</td>
</tr>
<tr>
<td>Employee benefits (see notes (2))</td>
<td>(19,583)</td>
<td>(19,643)</td>
</tr>
<tr>
<td>Income taxes (see notes (3))</td>
<td>7,941</td>
<td>8,754</td>
</tr>
<tr>
<td>Foreign currency translation adjustments (see notes (4))</td>
<td>(3,184)</td>
<td>(3,184)</td>
</tr>
<tr>
<td>Other</td>
<td>1,389</td>
<td>74</td>
</tr>
<tr>
<td>Retained earnings under IFRS</td>
<td>211,978</td>
<td>185,780</td>
</tr>
</tbody>
</table>

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

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(1) Goodwill
- Under Japanese GAAP, goodwill has been amortized. IFRS prohibits amortization of goodwill. The reconciled amount related to goodwill has been reclassified as retained earnings in each fiscal year.

(2) Employee benefits
- Under Japanese GAAP, the expense out of actuarial gain or loss and past service cost that is not recognized in current period is recognized as accumulated other comprehensive income, and recognized profit or loss for a certain period of time. Under IFRS, actuarial differences from remeasurements of defined benefit obligations and changes in fair value of plan assets (excluding interest income) are to be recognized as OCI. Prior service cost arising from plan amendment is recognized immediately as profit or loss. Current service cost is recognized as incurred in profit or loss, and the net interest cost, measured by multiplying the discount rate on the net defined benefit obligation or asset, is recognized as profit or loss.
- With respect to computation of the retirement and severance benefits, the Company recalculates the benefit in compliance with IFRS, and all of amount arising from the difference of periodic allocation of retirement and severance benefits and computation of interest expense has been reclassified as retained earnings.
- Under Japanese GAAP, liabilities are not recognized for unused annual leave. IFRS requires recognizing liabilities. This adjustment has been reclassified as retained earnings.

(3) Income taxes
- With respect to unrealized gains and losses from intercompany transaction, a deferred tax asset is recognized by the effective tax rate of seller under Japanese GAAP. Under IFRS, deferred tax assets are recognized by the effective tax rate of buyer. Differed tax assets for temporally differences are recognized as a result of transition adjustments between Japanese GAAP and IFRS, and have been reclassified as retained earnings.

(4) Foreign currency translation adjustments
- The company applies the exemption of first-time adoption of IFRS, and all of cumulative exchange differences on translating foreign operations have been reclassified as retained earnings on the date of transition to IFRS.

Notes to reconciliation of Japanese GAAP to IFRS for consolidated cash flow statement
There is no material difference in cash flow statements between prepared in accordance with Japanese GAAP and those prepared in accordance with IFRS.

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