Summary of Consolidated Financial Results for the First Quarter of Fiscal Year Ending March, 2015 [Japan Standards] (Consolidated)

July 25, 2014

Company name: MAX Co., Ltd. Stock listing: Tokyo Stock Exchange
Securities code: 6454 URL:http://www.max-ltd.co.jp
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Inquiries: Yasushi Asami, Managing Executive Officer
Date of filing of financial statements August 8, 2014
Date of commencement of dividend payment —
The supplementary explanation document for the accounts is created. Yes
The briefing for the accounts is held. (for investment analysts and fund managers) Yes

(Millions of yen rounded down)

1. Consolidated Operating Results for the First Quarter of Fiscal Year Ending March, 2015 (April 1, 2014 to June 30, 2014)

(1) Consolidated Operating Results (Total)

(% figures represent year-on-year increase or decrease)

	Net Sales		Operating Income		Ordinary Income		Quarterly net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Q1/ FY ending March 2015	15,338	3.1	1,303	34.2	1,299	18.6	793	24.9
Q1/ FY ended March 2014	14,877	11.2	971	0.6	1,095	26.2	635	226.7

(Note) Comprehensive income
Q1/ FY ending March 2015: 1,100 million yen (4.0%)
Q1/ FY ended March 2014: 1,057 million yen (798.5%)

	Quarterly Net Income per Share	Quarterly Net Income per Share after Dilution
	Yen	Yen
Q1/ FY ending March 2015	16.10	—
Q1/ FY ended March 2014	12.80	—

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	Millions of yen	Millions of yen	%	Yen
Q1/ FY ending March 2015	83,095	61,137	73.4	1,238.15
FY ended March 2014	84,557	61,995	73.2	1,255.50

(Reference) Shareholders' equity
Q1/ FY ending March 2015: 61,032 million yen
Q1/ FY ended March 2014: 61,889 million yen

2. Dividends

	Dividends per Share				
	End of Q1	End of Q2	End of Q3	End of Q4	Total
	Yen	Yen	Yen	Yen	Yen
FY ended March 2014	—	—	—	36.00	36.00
FY ended March 2015	—				
FY ending March 2015 (Forecast)		—	—	36.00	36.00

(Note) Revision of forecasts on the dividends: No

3. Forecast of Consolidated Operating Results for the Fiscal Year Ending March 31, 2015 (April 1, 2014 to March 31, 2015)

(% figures represent year-on-year increase or decrease)

	Net Sales		Operating Income		Ordinary Income		Current Net income		Current Net Income per Share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First Half (Consolidated)	30,700	0.1	2,300	5.2	2,400	6.5	1,450	1.5	29.36
Full year	65,000	0.3	5,200	13.5	5,360	11.1	3,100	10.3	62.76

(Note) Revision of forecasts on the consolidated operation results: No

* Notes

(1) Changes in material subsidiaries during the consolidation of this quarter (changes in specific subsidiaries affecting the scope of consolidation): No

New: － (Company name:) Excluded: － (Company name:)

(2) Application of special accounting procedures in the creation of quarterly consolidated financial statements: Yes

(3) Changes in Accounting Principles, Changes in Accounting Estimates and Restatements

1) Changes due to revisions to accounting standards, etc.: Yes
2) Changes other than 1): No
3) Changes in accounting estimate: No
4) Restatement of revisions: No

(4) Number of outstanding shares (common stocks)

1) Number of shares outstanding at term-end (including treasury stocks)	Q1/ FY ending March 2015	50,500,626 shares	FY ended March 2014	50,500,626 shares
2) Number of treasury stock at term-end	Q1/ FY ending March 2015	1,206,987 shares	FY ended March 2014	1,205,864 shares
3) Number of average stock during term (Quarter accumulation)	Q1/ FY ending March 2015	49,294,147 shares	1Q/ FY ended March 2014	49,670,744 shares

***Display concerning execution condition of the quarterly review procedure.**

This quarterly summary of consolidated financial results is excluded from the quarterly review procedure based on the Financial Instruments and Exchange Act, and at the time of indication of the summary of financial results for this quarter, the review procedure of quarterly consolidated financial statements based on the Financial Instruments and Exchange Act has not ended.

***Explanation and other special notes regarding the appropriate use of the earnings forecast**

Statements on the future of our business in these materials, including the earnings forecast, are based on information available at this moment and certain preconditions which we judge as rational and appropriate, and are not intended as a guarantee that the Company will achieve these targets. Actual results may therefore differ substantially from the above forecasts for various reasons. For the preconditions of our earnings forecast and matters to be noticed when using the forecast, please refer to page 8 of the appendix, "1. Qualitative Information on Current Quarterly Results, (3) Explanation concerning Qualitative Information on Consolidated Financial Results Forecast."

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[Qualitative Information and Financial Statements]

1. Qualitative Information on Current Quarterly Results

(1) Explanation concerning Qualitative Information on Operating Results

1) Business results of all companies during the consolidation of this first quarter

(Millions of yen, %)

	Q1/ FY 2015 (Ending March 2015)	Q1/ FY 2014 (Ended March 2014)	Year-on-year Change	
			Increase (decrease)	Rate of increase (decrease)
Net Sales	15,338	14,877	+461	+3.1
Operating Income	1,303	971	+332	+34.2
Ordinary Income	1,299	1,095	+204	+18.6
Quarterly Net Income	793	635	+158	+24.9
Quarterly Net Income per Share	16.10 yen	12.80 yen	3.30 yen	—
Operating Margin	8.5	6.5	+2.0 points	

During the consolidated period under review (Q1 for fiscal year ending March 2015), the Japanese economy recovered at a gradual pace, where improvement in corporate earnings and income conditions was achieved thanks to economic and financial measures implemented by the government. On the other hand, the decreased buying rush ahead of the increase of consumption tax rate and the lowered number of new housing had an adverse impact on the Company's business.

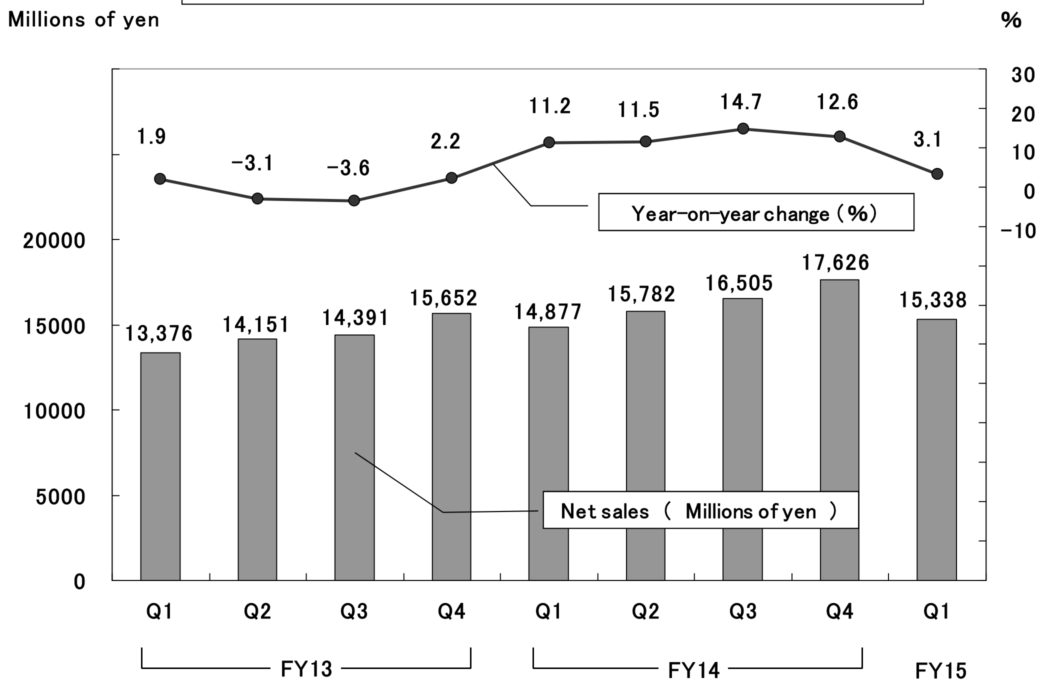
Overseas, however, in addition to the favorable conditions of the housing market in the United States, the gradual expansionary trend in the European economy has been firmly supporting our business performance. Despite there still remain currency depreciation and political uncertainty in the emerging countries in Asia, from the above facts, it can be said that the global economic climate to impact on our corporate operation is still uncertain.

Under such circumstances, the Max Group has been pursuing to transform itself into a company that could sustainably generate revenues, by proclaiming a management policy for this fiscal term of "1. Increasing earning capacity, 2. Establishing growth businesses, 3. Thinking and acting by oneself". Still, we have enhanced customer value and enterprise value, by implementing the *sangen* principle of focusing on real locations, real goods and real conditions across all companies and organizations, and by solving customers' issues and challenges.

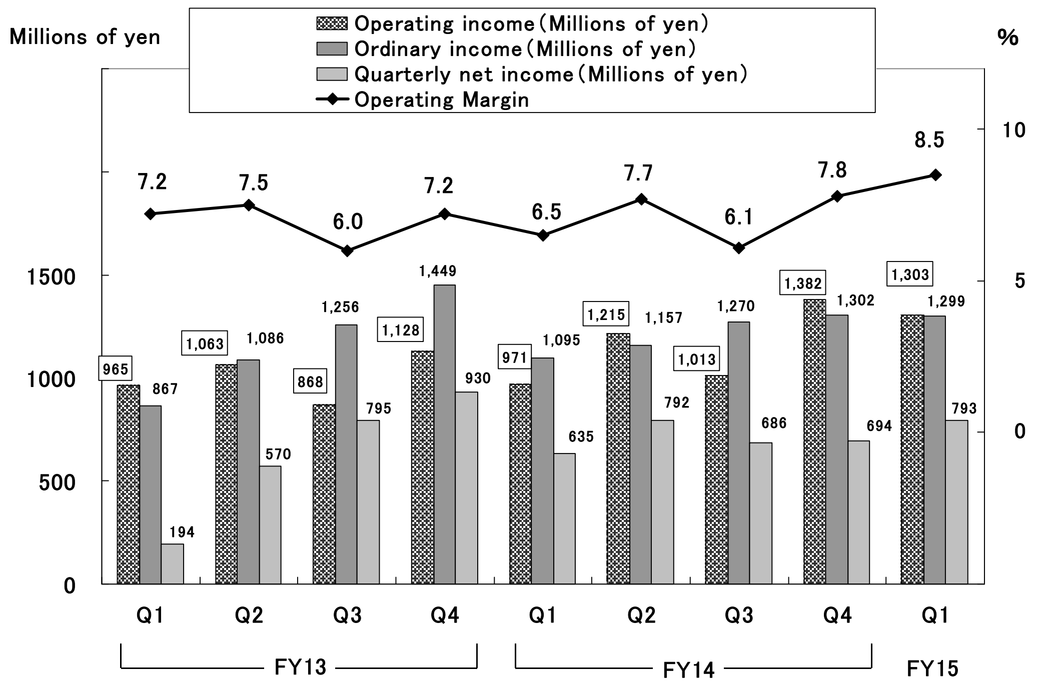
In the office equipment segment, despite we were affected by the buying rush in domestic office equipment markets, contributions from auto-stapler business connected to the preservation of net sales at the prior-year level. In the industrial equipment segment, operations increased as sales of ventilation system were strong in the residential environment business. In the HCR equipment segment, while delivery of walker products decreased as sales of new products quieted down, the mainstay wheel chairs' sales recovered and therefore contributed to higher net sales compared to the corresponding period of previous year.

As a result, net sales increased 3.1% from the previous fiscal quarter to ¥15,338 million. Operating income increased 34.2% from the previous fiscal quarter to ¥1,303 million. Ordinary income increased 18.6% from the previous fiscal quarter to ¥1,299 million. Net income also rose 24.9% from the previous fiscal quarter to ¥793 million.

Quarterly Net Sales Trend and Changes Year-on-Year



Quarterly Earnings Trend



2) Result by business sector during the consolidation of this first quarter

Office Equipment Segment

(Millions of yen, %)

	Q1/ FY 2015 (Ending March 2015)	Q1/ FY 2014 (Ended March 2014)	Year-on-year Change	
			Increase (decrease)	Rate of increase (decrease)
Net Sales	5,346	5,378	(31)	(0.6)
Operating Income	1,084	1,124	(39)	(3.5)
Operating Margin	20.3	20.9	(0.6) points	

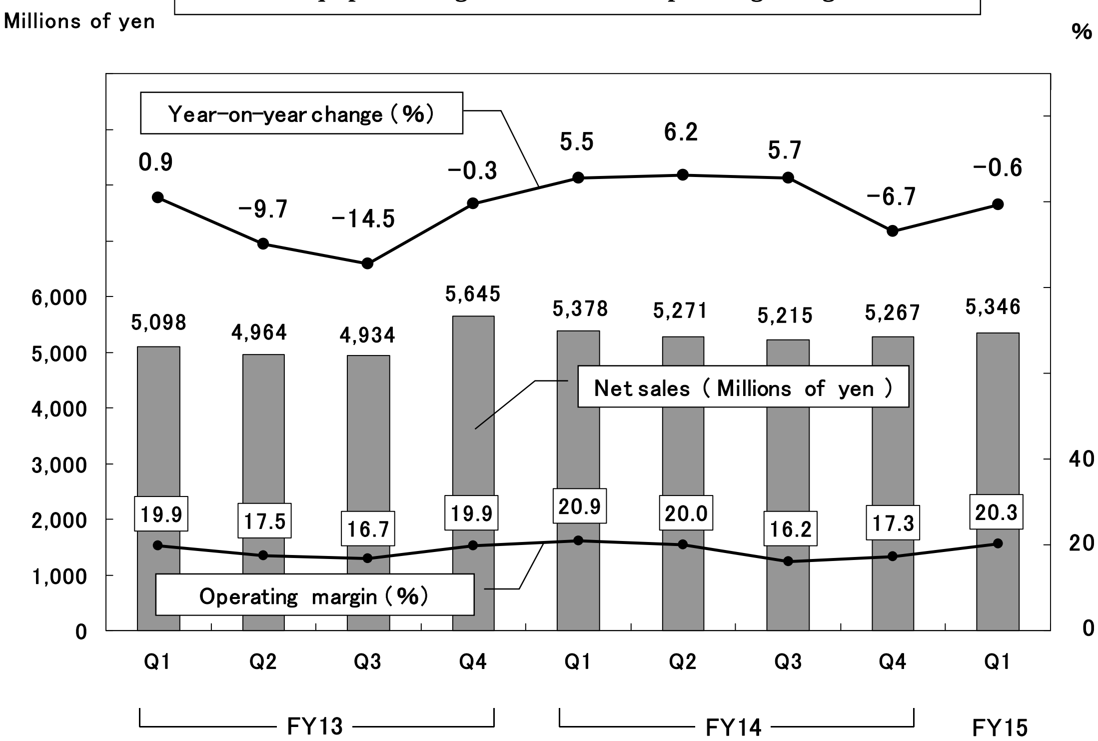
Business results for the office equipment segment during this consolidated period under review were as follows: Net sales ¥5,346 million (a decrease of 0.6% from the previous term), operating income ¥1,084 million (a decrease of 3.5% from the previous term), and operating margin 20.3%.

In domestic office operations, the Group made efforts to expand sales high-performance and higher-priced products such as the handy type staplers "Vaimo 11 Series" and "Sakuri Series", as well as "P-KISS" (paper-staple stapler that use paper-derived materials as staples). Despite these, due to the decreased buying rush ahead of the increase of consumption tax rate.

In overseas office operations, despite the stagnation in stapler sales due to continued currency depreciation and political uncertainty in Asian main markets, since Lighthouse (UK) Holdco Limited has become a subsidiary of the Max Group, our net sales of Bepop signage creation machines recorded a net rise. As the result, overall segment sales increased.

In the auto-stapler business, photocopier markets rebounded and therefore contributed to higher net sales compared to the corresponding period of previous year.

Office Equipment Segment Sales and Operating Margin Trend



Industrial Equipment Segment

(Millions of yen, %)

	Q1/ FY 2015 (Ending March 2015)	Q1/ FY 2014 (Ended March 2014)	Year-on-year Change	
			Increase (decrease)	Rate of increase (decrease)
Net Sales	9,104	8,596	+507	+5.9
Operating Income	234	(87)	+321	—
Operating Margin	2.6	(1.0)	+3.6 points	

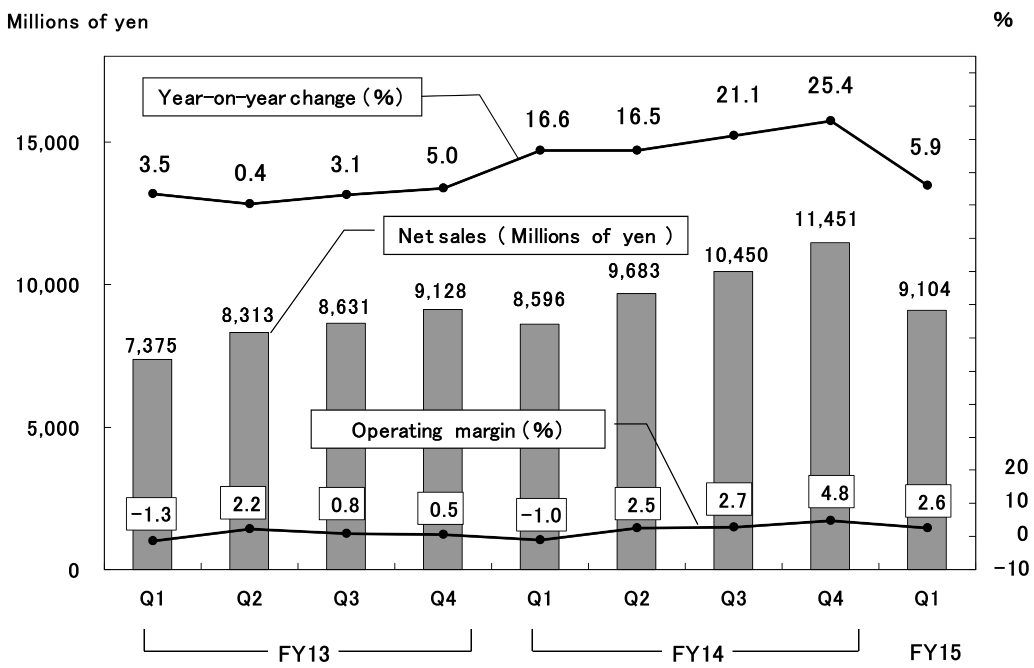
Business results for the industrial equipment segment during this consolidated period under review were as follows: Net sales ¥9,104 million (an increase of 5.9% from the previous term), operating income ¥234 million, and operating margin 2.6%.

In the domestic industrial equipment product business, sales remained strong for tools to use in concrete structures which have been expanding across multiple markets. However, as new housing starts declined, so did sales for its core products such as tools for wood structures including high-pressure nailers, air compressors, etc., and consumables, resulting in a decrease to overall segment sales.

In the overseas industrial equipment business, sales were strong in the North American markets, backed by the recovery in the United States economy. In addition, the Company registered continued net sales growth in tools for concrete structures as new dealers established in the markets. As the result, overall segment sales increased.

In residential environment operations, sales remained strong for our core product of bathroom heaters, ventilators and dehumidifiers, as well as new products such as ventilation systems. As the result, revenues from the overall operations increased.

Industrial Equipment Segment Sales and Operating Margin Trend



HCR Equipment Segment

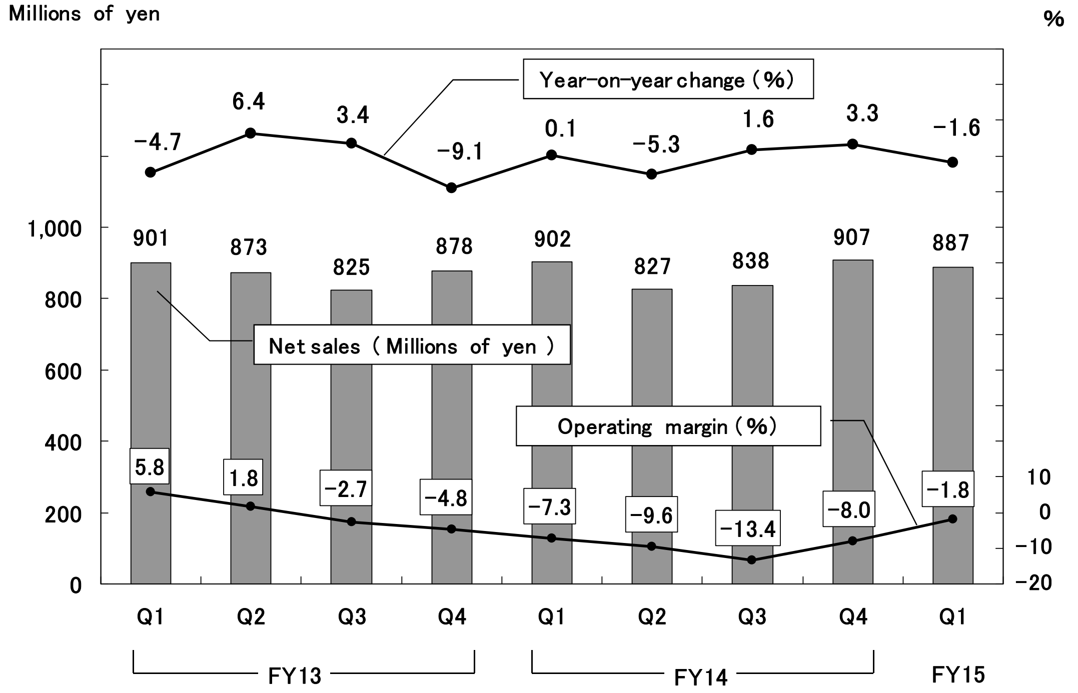
(Millions of yen, %)

	Q1/ FY 2015 (Ending March 2015)	Q1/ FY 2014 (Ended March 2014)	Year-on-year Change	
			Increase (decrease)	Rate of increase (decrease)
Net Sales	887	902	(14)	(1.6)
Operating Income	(15)	(65)	+50	—
Operating Margin	(1.8)	(7.3)	+5.5 points	

Results in the HCR equipment segment for the consolidated quarterly period under review, were as follows: Net sales ¥887 million (a decrease of 1.6% from the previous term) and operating income -¥15 million.

Still, while delivery of walker products decreased as sales of new products quieted down, the mainstay wheel chairs' sales recovered and therefore contributed to higher net sales compared to the corresponding period of previous year.

HCR Equipment Segment Sales and Operating Margin Trend



(2) Explanation concerning Consolidated Financial Conditions

Summary of Consolidated Balance Sheets

(Millions of yen, %)

	Consolidated Q1/ FY 2015 (As of June 30, 2014)	FY 2014 (As of March 31, 2014)	Comparison with position at end of previous consolidated fiscal year	
			Increase (decrease)	Rate of increase (decrease)
Total Assets	83,095	84,557	(1,462)	(1.7)
Net Assets	61,137	61,995	(858)	(1.4)
Equity Ratio	73.4	73.2	+0.2 points	

Assets decreased ¥1,462 million in comparison with the position at the end of the previous consolidated fiscal year, to ¥83,095 million. Despite an increase of ¥902 million in marketable securities, current assets decreased by ¥1,021 million, due to a fail of ¥2,023 million in notes and accounts receivable-trade. Despite an increase of ¥767 million in intangible assets**,** non-current assets decreased by ¥440 million, due to fail of ¥1,144 million in investment securities.

Liabilities decreased ¥604 million in comparison with the position at end of the previous consolidated fiscal year, to ¥21,957 million. Current liabilities decreased ¥830 million, as income taxes payable decreased ¥338 million, and provisions for bonuses decreased ¥806 million. Non-current liabilities grew ¥226 million, lifted by rise of ¥208 million in net defined benefit liability.

Net assets decreased ¥858 million in comparison with the position at the end of the previous consolidated fiscal year, to ¥61,137 million. Shareholders' equity decreased by ¥1,164 million, in spite of primarily the quarterly net income ¥793 million, due to payment for cash dividends of ¥1,774 million.

Analysis of Consolidated Cash Flow

The balance of cash and cash equivalents ("funds") during the consolidated period under review decreased ¥688 million in comparison with the previous consolidated fiscal year, to ¥10,869 million. However, funds affecting the scope of consolidation grew by ¥531 million.

Factors in the status of each type of cash flow in the consolidated period under review were as follows.

Cash flows from operating activities

Funds obtained from operating activities in the consolidated period under review amounted to ¥1,721 million. The key expenditures came from quarterly net profit before taxes and adjustments ¥1,258 million, depreciation and amortization ¥457 million, and increase (decrease) in notes and accounts receivable-trade ¥2,027 million. The key decreases came from increase (decrease) in provision for retirement benefits ¥806 million and income taxes (paid) refund ¥858 million.

Cash flows from investment activities

Funds decreased by investment activities in the consolidated period under review were ¥830 million. The key expenditures came from expenditures for purchase of short-term and long term investment securities of ¥1,437 million, and expenditures for purchase of property, plant and equipment of ¥249 million. The key increases came from income for redemption of short-term and long term investment securities of ¥600 million.

Cash flows from financing activities

Funds decreased by financing activities in the consolidated period under review were ¥1,541 million. The key expenditures were cash dividends paid of ¥1,481 million.

(3) Explanation concerning Forward-looking Statements such as Forecasts of Consolidated Operating Results

Both the United States and Japan economies are expected to remain steady, in spite of decrease in new domestic housing starts and slowdown of economic growth of Asian emerging nations. For these reasons, the situation surrounding the Max Group is still uncertain.

Amid such circumstances, the Group has so far hovered at a steady level, by committing to transformation of ourselves into a company that can sustainably generate revenues, and by facilitating (1) group-wide cost cutting and plant restructuring, (2) acceleration of an earnings recovery at each business section, and (3) expansion of overseas operations and exploit of opportunities for [Lighthouse (UK) Holdco Limited].

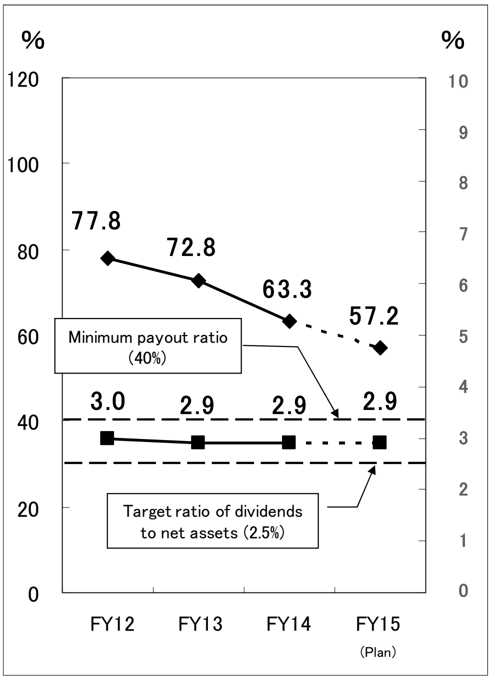
In light of these circumstances, Forecasts of Consolidated Operating Results for the Fiscal Year Ending March 2015 remain unchanged from the release on April 25, 2014.

Dividends

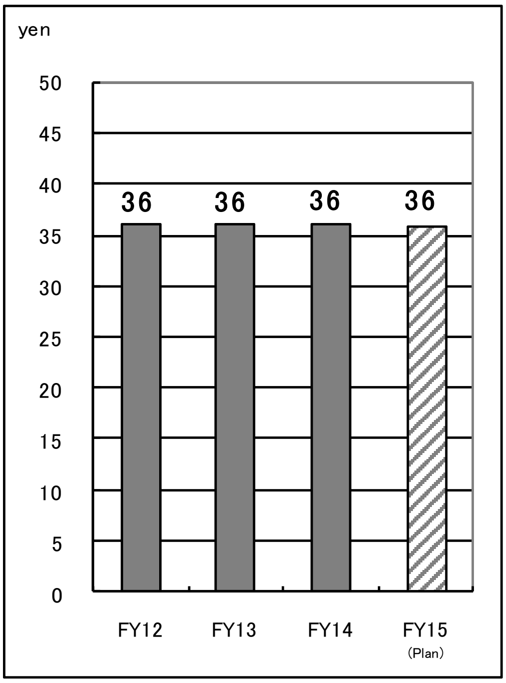
Our dividend policy of “maintaining a minimum of 40% payout ratio and targeting rate of dividends to net assets of 2.5%” has been set out.

Although company’s performance may be impacted by various factors such as the uncertain economic environment and exchange rate fluctuations, taking into account the company’s steady corporate performance and its financial position, we plan to make the same dividend payment of “¥36 per share annual dividend.”

Payout ratio and dividends to net assets ratio



Dividends per share



2. Items related to Summary Information (Notes)

(1) Changes in material subsidiaries during the consolidation of this quarter: No.

In spite of no changes in specific subsidiaries, the Lighthouse (UK) Holdco Limited and the Lighthouse (UK) Limited have been included in the scope of consolidation from this first quarter of the consolidated period under review in conjunction with the increased importance of subsidiaries.

(2) Application of special accounting procedures in the creation of quarterly consolidated financial statements:

Calculation of tax expenses

Tax expenses are calculated by multiplying pretax current net income for the fiscal year including the first quarter under review by the effective tax rate that was reasonably estimated by applying tax effect accounting to estimated income before income taxes.

(3) Changes in Accounting Principles, Changes in Accounting Estimates and Restatements

Change in Accounting Policy

Implementation of Accounting Standards for Retirement Benefits

We have adopted “Accounting Standards for Retirement Benefits” (Corporate Accounting Standards No. 26 of May 17, 2012, hereinafter referred to as “Retirement Benefits Accounting Standards”) and “Implementation Guidance on Accounting Standard for Retirement Benefits” (Corporate Accounting Standards No. 25 of May 17, 2012, hereinafter referred to as “Implementation Guidance on Retirement Benefits”) from the first consolidated quarter of current fiscal year on provisions stipulated in the texts of the Section 35 of the Retirement Benefits Accounting Standards and of the Section 67 of the Implementation Guidance on Retirement Benefits: we have reconsider the accounting method for pension benefit obligations and service liability, and we have changed the method of discount determination to a method that uses single-weighted average discount rate reflecting amounts for each estimated period for payment of retirement benefits and other payments, by making use of service period basis as the attribution method for projected retirement benefits.

To apply the Retirement Benefits Accounting Standards, we comply with the transitional handling stipulated in the Section 37 of Retirement Benefits Accounting Standards, and effect of changes of accounting method for pension benefit obligations and service liability, financial effects are added to or subtracted from retained gains, at the beginning of the consolidated fiscal quarter of current fiscal year.

As the result, net defined benefit liability increased by ¥282 million, while retained earnings decreased by ¥182 million, as of the beginning of the consolidated first quarter of current fiscal year. There was only minor impact on operating income, ordinary income and quarterly net income before income taxes during the consolidated first quarter under review.

3. Quarterly Consolidated Financial Statements in the First Quarter

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	FY 2014 (As of March 31, 2014)	Consolidated Q1/ FY 2015 (As of June 30, 2014)
ASSETS		
Current assets		
Cash and deposits	11,025	10,869
Notes and accounts receivable-trade	14,595	12,572
Marketable Securities	3,611	4,514
Merchandise and finished goods	4,592	5,236
Work in process	1,058	887
Raw materials	2,043	1,998
Other	1,993	1,819
Allowance for doubtful accounts	(3)	(3)
Total current assets	38,916	37,894
Non-current assets		
Property, plant and equipment	17,586	17,534
Intangible assets	254	1,022
Investments and other assets		
Investment securities	22,317	21,172
Other	5,491	5,480
Allowance for doubtful accounts	(9)	(9)
Total investments and other assets	27,799	26,644
Total non-current assets	45,641	45,200
Total assets	84,557	83,095
LIABILITIES		
Current liabilities		
Notes and accounts payable-trade	4,228	4,026
Short-term loans payable	1,850	1,850
Income taxes payable	932	593
Provision for bonuses	1,428	621
Provision for directors' bonuses	41	9
Other	3,217	3,766
Total current liabilities	11,698	10,867
Non-current liabilities		
Long-term loans payable	150	150
Provision for directors' retirement benefits	125	139
Net defined benefit liability	9,536	9,744
Asset retirement obligations	27	27
Negative goodwill	37	36
Other	987	993
Total non-current liabilities	10,863	11,090
Total liabilities	22,562	21,957

(Millions of yen)

	FY 2014 (As of March 31, 2014)	Consolidated Q1/ FY 2015 (As of June 30, 2014)
NET ASSETS		
Shareholders' equity		
Capital stock	12,367	12,367
Capital surplus	10,517	10,517
Retained earnings	42,828	41,664
Treasury stock	(1,423)	(1,424)
Total shareholders' equity	64,290	63,126
Other comprehensive incomes		
Valuation difference on available-for-sale securities	583	895
Revaluation reserve for land	(1,364)	(1,364)
Foreign currency translation adjustment	279	183
Remeasurements of defined benefit plans	(1,899)	(1,808)
Total of other comprehensive income	(2,401)	(2,093)
Minority interests	105	104
Total net assets	61,995	61,137
Total liabilities and net assets	84,557	83,095

(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Comprehensive Statement of Income

(Quarterly Consolidated Statement of Income)

Q1 Consolidation Period of FY 2015

(Millions of yen)

	Q1 Consolidation Period of FY 2014 (From April 1, 2013 to June 30, 2013)	Current Q1 Consolidation Period of FY 2015 (From April 1, 2014 to June 30, 2014)
Net Sales	14,877	15,338
Cost of Sales	9,212	9,422
Gross Profit	5,665	5,916
Selling, general and administrative expenses		
Salaries	1,396	1,430
Provision for bonuses	358	368
Provision for directors' bonuses	9	9
Retirement benefit expenses	365	248
Provision for directors' retirement benefits	13	13
Packing and delivery expenses	435	459
Promotion expenses	311	278
Depreciation and amortization	157	160
Other	1,645	1,644
Total Selling, general and administrative expenses	4,693	4,612
Operating Income	971	1,303
Non-operating income		
Interest income	29	25
Dividend income	45	50
Amortization of negative goodwill	1	1
Foreign exchange gains	62	-
Other	22	23
Total non-operating income	161	101
Non-operating expenses		
Interest expenses	10	10
Taxes and dues	4	10
Foreign exchange losses	-	71
Other	22	12
Total non-operating expenses	37	105
Ordinary Income	1,095	1,299
Extraordinary income		
Gain on sales of investment securities	26	-
Gain on negative goodwill	43	-
Total extraordinary income	70	-
Extraordinary loss		
Loss on sales of non-current assets	-	0
Loss on abandonment of non-current assets	7	40
Total extraordinary loss	7	41
Quarterly net income before income taxes	1,159	1,258
Income taxes	518	465
Quarterly net income before minority interest	640	792
Minority interests in income	4	(0)
Quarterly net income	635	793

(Quarterly Consolidated Statement of Comprehensive Income)
Q1 Consolidation Period of FY 2015

(Millions of yen)

	Q1 Consolidation Period of FY 2014 (From April 1, 2013 to June 30, 2013)	Current Q1 Consolidation Period of FY 2015 (From April 1, 2014 to June 30, 2014)
Quarterly net income before minority interest	640	792
Other comprehensive incomes		
Valuation difference on available-for-sale securities	269	312
Foreign currency translation adjustment	147	(96)
Adjustments Relating to Retirement Benefits	-	91
Total other comprehensive income	416	307
Quarterly Comprehensive Income	1,057	1,100
(Breakdown)		
Quarterly Comprehensive Income relating to shareholders of parental company	1,049	1,101
Quarterly Comprehensive Income relating to minority shareholders	8	(1)

(3) Statement of Quarterly Consolidated Cash Flows

(Millions of yen)

	Q1 of FY 2014 (From April 1, 2013 to June 30, 2013)	Current Q1 of FY 2015 (From April 1, 2014 to June 30, 2014)
Cash flows from operating activities		
Quarterly net income before income taxes	1,159	1,258
Depreciation and amortization	434	457
Amortization of negative goodwill	(1)	(1)
Increase (decrease) in allowance for doubtful accounts	-	(0)
Gain on negative goodwill	(43)	-
Increase (decrease) in provision for bonuses	(749)	(806)
Increase (decrease) in provision for directors' bonuses	(54)	(32)
Increase (decrease) in Retirement Benefits and Provision for directors' retirement benefits	26	14
Increase (decrease) in net defined benefit liability	-	66
Interest and dividend income	(74)	(75)
Interest expenses	10	10
Foreign exchange losses (gains)	12	1
Loss on abandonment of non-current assets	7	40
Loss (gain) on sales of noncurrent assets	-	0
Loss (gain) on sales of short-term and long term investment securities	(26)	-
Decrease (increase) in notes and accounts receivable-trade	804	2,027
Decrease (increase) in inventories	(329)	(381)
Increase (decrease) in notes and accounts payable-trade	(165)	(178)
Increase (decrease) in accrued consumption taxes	(133)	75
Decrease (increase) in other assets	(79)	(132)
Increase (decrease) in other liabilities	533	154
Subtotal	1,328	2,497
Interest and dividend income received	72	92
Interest expenses paid	(10)	(10)
Income taxes (paid) refund	(1,177)	(858)
Cash flows from operating activities	212	1,721
Cash flows from investment activities		
Purchase of short-term and long term investment securities	(1,121)	(1,437)
Purchase of investments in subsidiaries	(167)	(3)
Proceeds from sales and redemption of short-term and long term investment securities	1,975	600
Purchase of property, plant and equipment	(594)	(249)
Proceeds from sales of property, plant and equipment	-	239
Purchase of intangible assets	(20)	(7)
Payments of loans receivable	(1)	(4)
Collection of loans receivable	46	33
Payments into time deposits	(400)	-
Proceeds from withdrawal of time deposits	252	-
Cash flows from investment activities	(30)	(830)

(Millions of yen)

	Q1 Consolidation Period of FY 2014 (From April 1, 2013 to June 30, 2013)	Current Q1 Consolidation Period of FY 2015 (From April 1, 2014 to June 30, 2014)
Cash flows from financing activities		
Decrease in short-term loans payable	(551)	(2)
Proceeds from long-term loans payable	50	-
Repayment of long-term loans payable	(50)	-
Purchase of treasury stock	(1,317)	(1)
Cash dividends paid	(1,615)	(1,481)
Cash dividends paid to minority shareholders	(1)	(0)
Repayments of lease obligations	(51)	(55)
Cash flows from financing activities	(3,535)	(1,541)
Effect of exchange rate change on cash and cash equivalents	63	(38)
Net increase (decrease) in cash and cash equivalents	(3,290)	(688)
Balance of cash and cash equivalents, beginning of the period	16,073	11,025
Net increase (decrease) in Cash and Cash Equivalents accompanying changes in the scope of consolidation	-	531
Quarterly Balance of Cash and Cash Equivalents at the end of the period	12,783	10,869

(4) Notes Relating to the Quarterly Consolidated Financial Statements

(Notes Relating to the Assumption of Going Concern)

None.

(Notes on Significant Changes in the Amount of Shareholders' Equity)

None.

(Segment Information)

Q1 Consolidation Period of FY 2014 (From April 1, 2013 to June 30, 2013)

1) Information on the amount of sales, profit and losses for each reported segments

(Millions of yen)

	Report segment			Total
	Office Equipment	Industrial Equipment	HCR Equipment	
Net Sales				
Net sales to outside customers	5,378	8,596	902	14,877
Internal sales between segments, or exchange	—	—	—	—
Total	5,378	8,596	902	14,877
Segment profit (loss)	1,124	(87)	(65)	971

2) Difference between the total amount of income (loss) of reporting segments and the amount appropriated in the quarterly statement of income, as well as key details of said difference (items related to adjustment of differences)

None.

3) Information relating to loss or goodwill due to impairment of fixed assets

Important gain on negative goodwill

As an activity in the HCR equipment segment, we acquired all the A-type odd-lot shares of Kawamura Cycle Co. in the consolidated quarterly period under review. Please take note that ¥43 million is recorded as gain on negative goodwill for this activity in the consolidated period under review.

Current Q1 Consolidation Period of FY 2015 (From April 1, 2014 to June 30, 2014)

1) Information on the amount of sales, profit and losses for each reported segments

(Millions of yen)

	Report segment			Total
	Office Equipment	Industrial Equipment	HCR Equipment	
Net Sales Net sales to outside customers	5,346	9,104	887	15,338
Internal sales between segments, or exchange	—	—	—	—
Total	5,346	9,104	887	15,338
Segment profit (loss)	1,084	234	(15)	1,303

2) Difference between the total amount of income (loss) of reporting segments and the amount appropriated in the quarterly statement of income, as well as key details of said difference (items related to adjustment of differences)
None.

3) Items related to changes in the reported segments

Because of the company restructure, we change the report segment of the labeling machine business from the office equipment segment to the industrial equipment segment from the previous 3Q consolidated accounting period on.

In addition, please note that, before disclosing of comparative information during the consolidated first quarter under review, the reportable segment for this first quarter of current fiscal year is prepared pursuant to the reporting segment classification subsequent to the changes. As a result, they differ from the reporting segments disclosed in the same period of the previous fiscal year.

4) Information relating to loss or goodwill due to impairment of fixed assets

(Significant changes in amount of goodwill)

In the office equipment segment, effective from the first quarter of current fiscal year, the Group has included in the scope of consolidation its subsidiaries, the Lighthouse (UK) Holdco Limited and the Lighthouse (UK) Limited, as their importance has increased. Please take note that a ¥819 million goodwill is recorded for this activity.