October 24, 2014

Summary of Consolidated Financial Results for the First Half of Fiscal Year Ending March 2015 [Japan Standards]

Company name:	MAX Co., Ltd.	Stock listing: Tokyo Stock Exchange	
Securities code:	6454	URL: http://www.max-ltd.co.jp	
Representative:	Hachiro Kawamura, President and CEO		TEL: +81-3-3669-8106
Inquiries:	Yasushi Asami, Managing Executive Officer		

Date of filing of financial statements November 7, 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 Half of Fiscal Year Ending March 31, 2015 (From April 1, 2014 to September 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	%
H1/ FY ending March 2015	31,281	2.0	2,631	20.3	2,861	27.0	1,912	33.9
H1/ FY ended March 2014	30,659	11.4	2,187	7.8	2,253	15.3	1,428	86.7

(Note) Comprehensive income
H1/ FY ending March 2015: 2,724 million yen (31.9%)
H1/ FY ended March 2014: 2,065 million yen (284.9%)

	Net Income per Share	Net Income per Share after Dilution
	Yen	Yen
H1/ FY ending March 2015	38.80	-
H1/ FY ended March 2014	28.86	-

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	Millions of yen	Millions of yen	%	Yen
H1/ FY ending March 2015	85,193	62,757	73.5	1,270.98
FY ended March 2014	84,557	61,995	73.2	1,255.50

(Reference) Shareholders' equity
H1/ FY ending March 2015: 62,647 million yen
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 ending 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 (From 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 Assets per Share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
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 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 specific accounting procedures for preparation of the 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)
   - As of September 30, 2014 50,500,626 shares
   - As of March 31, 2014 50,500,626 shares
2) Number of treasury stock at term-end
   - As of September 30, 2014 1,210,166 shares
   - As of March 31, 2014 1,205,864 shares
3) Number of average stock during term (quarter accumulation)
   - Six months ended September 30, 2014 49,292,868 shares
   - Six months ended September 30, 2013 49,486,487 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 Forward-looking Statements such as Forecasts of Consolidated Operating Results."

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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 first half of fiscal term

(Millions of yen, %)

	H1/ FY 2015 (Ending March 2015)	H1/ FY 2014 (Ended March 2014)	Year-on-year Change	
			Increase (decrease)	Rate of increase (decrease)
Net Sales	31,281	30,659	+621	+2.0
Operating Income	2,631	2,187	+443	+20.3
Ordinary Income	2,861	2,253	+608	+27.0
Quarterly Net Income	1,912	1,428	+484	+33.9
Quarterly Net Income per Share (yen)	38.80 yen	28.86 yen	+9.94 yen	-
Operating Margin	8.4	7.1	+1.3 points	

During the consolidated cumulative period under review (first half of 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. However, in addition to a drop in demand after the pre-tax hike buying rush, the number of new housing starts continued to decline, leading to a persistent severe situation surrounding the Max Group.

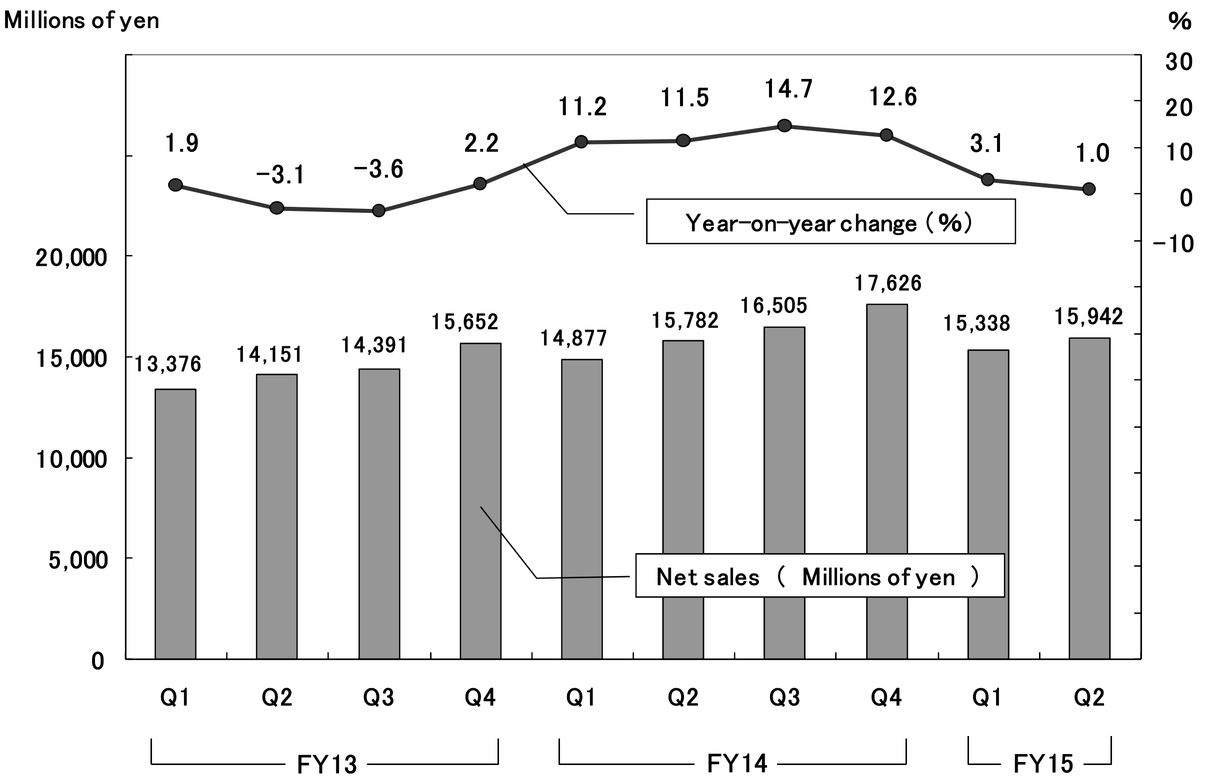
Overseas, although favorable conditions of the housing market in the United States have been supporting our business performance, the future outlook remains uncertain, as the European economy growth remained low and the depreciation of a part of the Asian emerging countries persisted.

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.

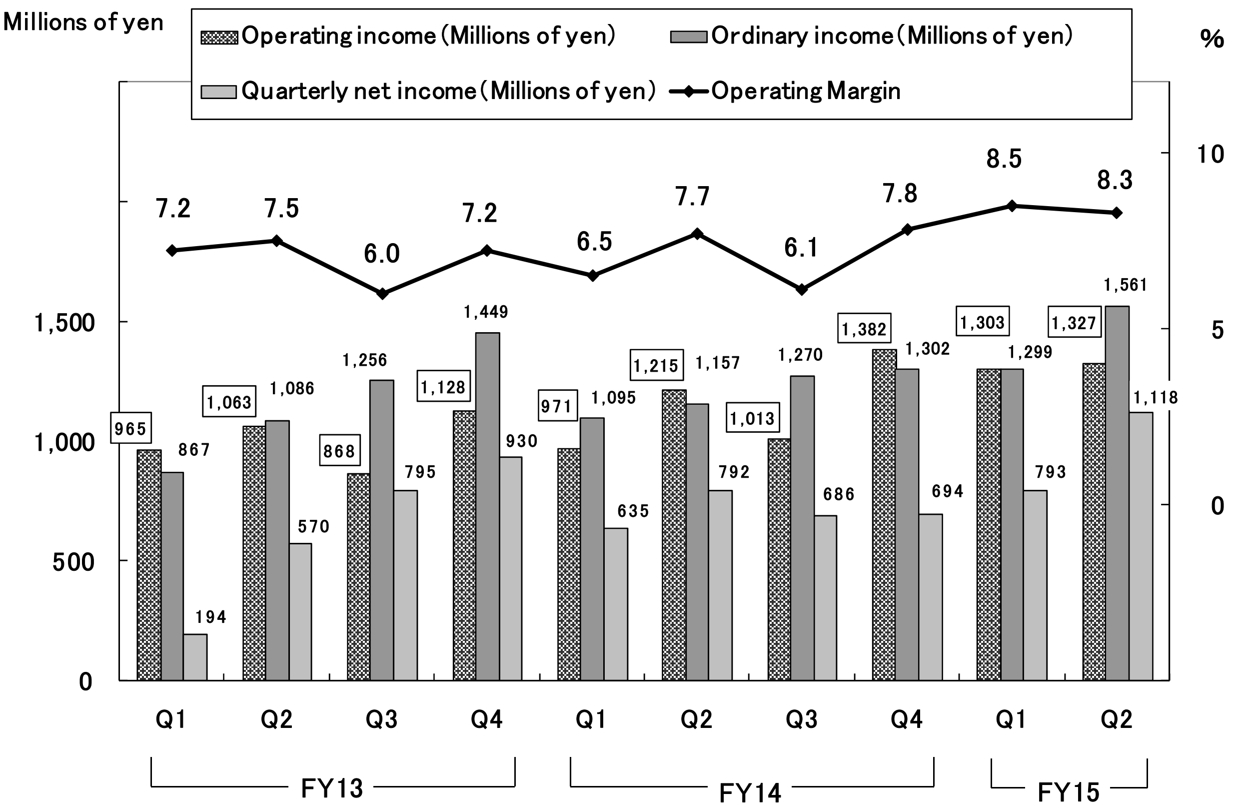
In the Office Equipment segment, despite the drop in demand following the buying rush in domestic office equipment markets, since Lighthouse (UK) Holdco Limited has become a subsidiary of the Max Group from the first quarter, sales remained approximately at the same level as the corresponding period of the previous year. In the Industrial Equipment segment, operations increased as sales were strong as regarding tools for concrete structures in the overseas operations, and ventilation systems in the residential environment business. In the HCR Equipment segment, while sales of walker products dropped, with the new products for wheel chairs we managed to maintain the same level in sales as the corresponding period of previous year.

As a result, net sales increased 2.0% from the previous fiscal quarter to ¥31,281 million. Operating income increased 20.3% from the previous fiscal quarter to ¥2,631 million. Ordinary income increased 27.0% from the previous fiscal quarter to ¥2,861 million. Net income also rose 33.9% from the previous fiscal quarter to ¥1,912 million.

Quarterly Net Sales Trend and Changes Year-on-Year



Quarterly Earnings Trend



2) Results by business segment for the consolidated cumulative period under review

Office Equipment Segment

(Millions of yen, %)

	H1/ FY 2015 (Ending March 2015)	H1/ FY 2014 (Ended March 2014)	Year-on-year Change	
			Increase (decrease)	Rate of increase (decrease)
Net Sales	10,593	10,649	(56)	(0.5)
Operating Income	2,032	2,180	(148)	(6.8)
Operating Margin	19.2	20.5	(1.3) points	

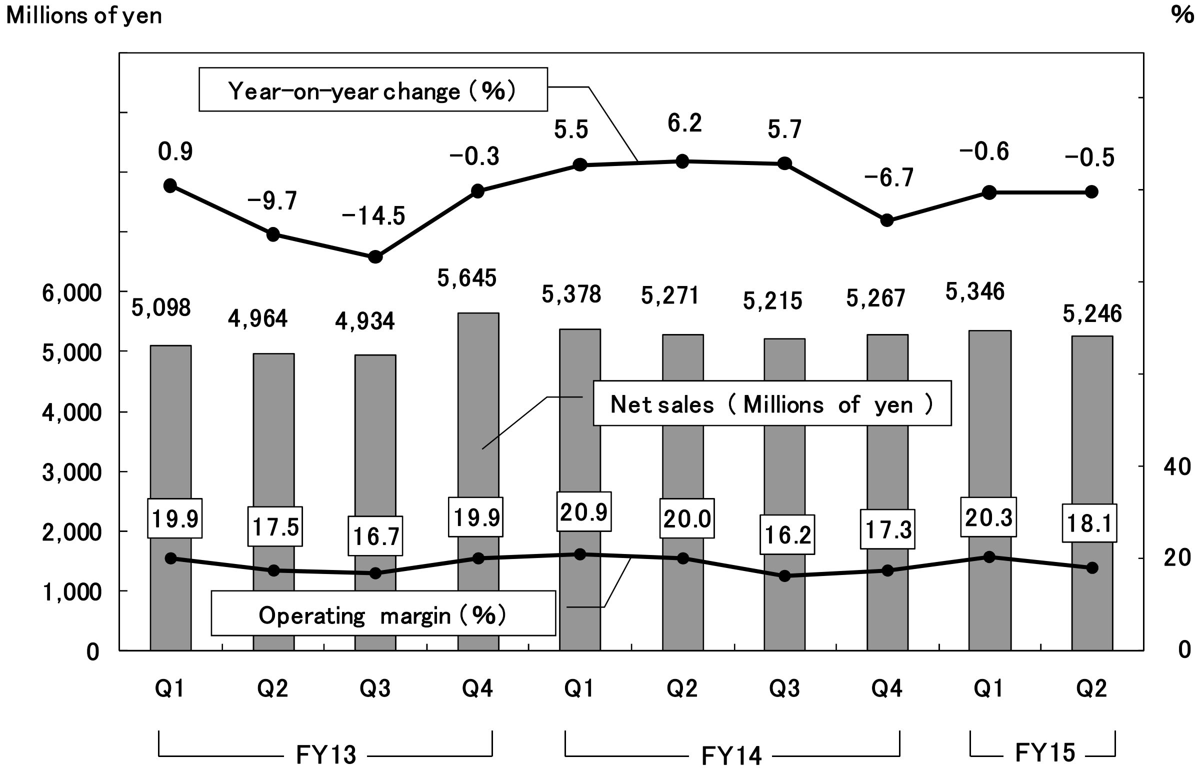
Business results for the Office Equipment segment were as follows: Net sales ¥10,593 million (a decrease of 0.5% from the previous term), operating income ¥2,032 million (a decrease of 6.8% from the previous term), and operating margin 19.2%.

In domestic office operations, although there was an increase in the sales of office equipment, including “BEPOP” signage creation machines and “LETATWIN” tube markers, centered on plant and facilities suppliers, the drop in demand after the pre-tax hike buying rush caused a decrease in the overall segment sales.

In overseas office operations, despite the stagnation in stapler sales due to continued currency depreciation in Asian main markets, since Lighthouse (UK) Holdco Limited has become a subsidiary of the Max Group, the overall segment sales increased.

In the auto-stapler operations, photocopier markets rebounded and therefore contributed to maintain the same level as the corresponding period of previous year.

Office Equipment Segment Sales and Operating Margin Trend



Industrial Equipment Segment

(Millions of yen, %)

	H1/ FY 2015 (Ending March 2015)	H1/ FY 2014 (Ended March 2014)	Year-on-year Change	
			Increase (decrease)	Rate of increase (decrease)
Net Sales	18,975	18,280	+694	+3.8
Operating Income	650	151	+498	+328.2
Operating Margin	3.4	0.8	+2.6 points	

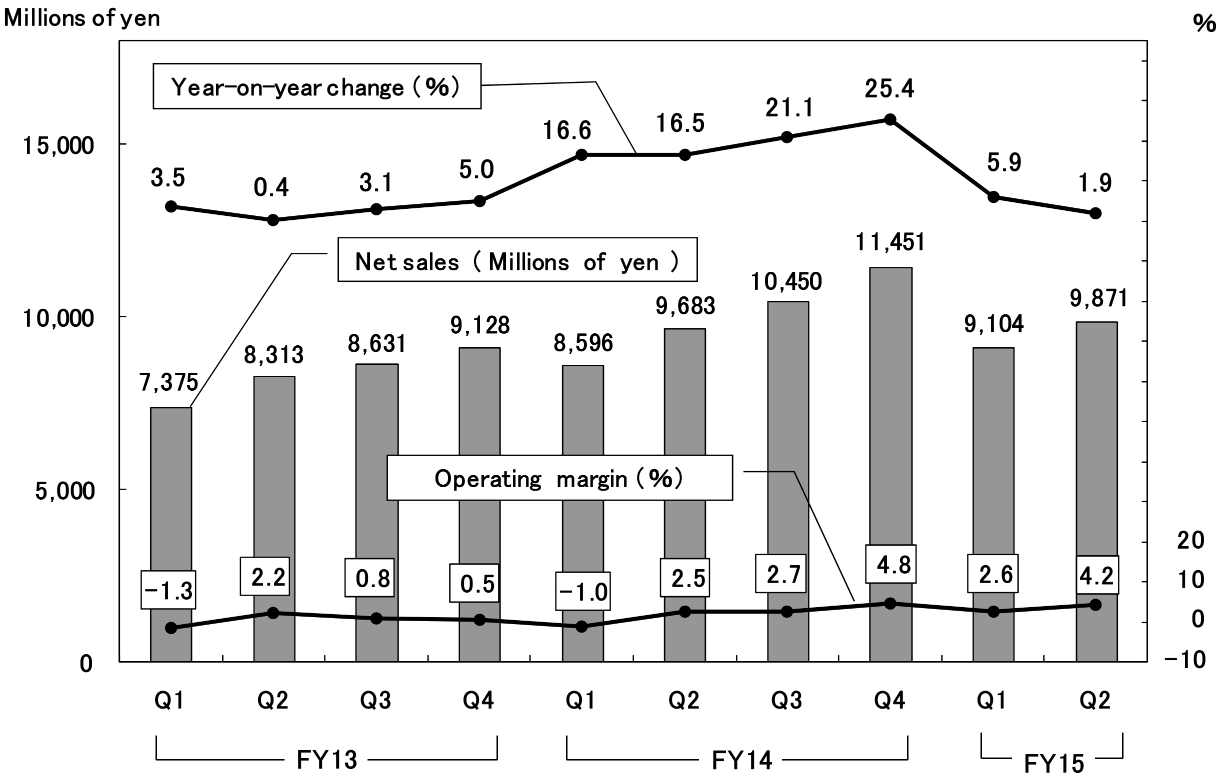
Results in the Industrial Equipment segment were as follows: Net sales ¥18,975 million (an increase of 3.8% from the previous term) and operating income ¥650 million (an increase of 328.2% from the previous term), and operating margin 3.4%.

In the domestic industrial equipment product business, sales remained strong for tools and corresponding consumables 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., resulting in a decrease to overall segment sales.

In the overseas industrial equipment business, sales of tools for concrete structures were strong in the North American markets, backed by the recovery in the United States economy. As a result, the overall segment sales increased.

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

Industrial Equipment Segment Sales and Operating Margin Trend



HCR Equipment Segment

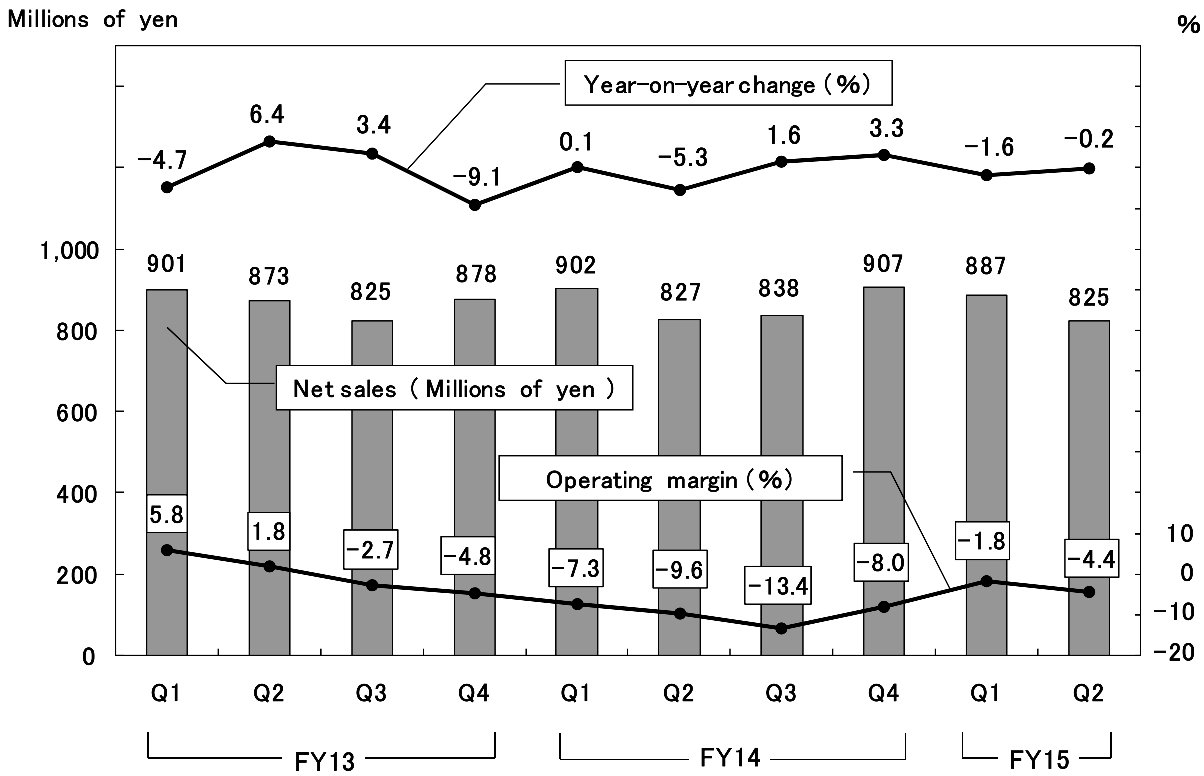
(Millions of yen, %)

	H1/ FY 2015 (Ending March 2015)	H1/ FY 2014 (Ended March 2014)	Year-on-year Change	
			Increase (decrease)	Rate of increase (decrease)
Net Sales	1,712	1,729	(16)	(1.0)
Operating Income	(51)	(145)	+93	-
Operating Margin	(3.0)	(8.4)	+5.4 points	

Results in the HCR Equipment segment were as follows: Net sales ¥1,712 million (a decrease of 1.0% from the previous term) and operating income -¥51 million.

While delivery of walker products decreased, with the "WAVIT+" new product for wheel chairs, we managed to maintain the same level in sales as the corresponding period of previous year.

HCR Equipment Segment Sales and Operating Margin Trend



(2) Explanation concerning Financial Position

Summary of Consolidated Balance Sheets

(Millions of yen, %)

	Q2/ FY 2015 (As of September 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	85,193	84,557	+635	+0.8
Net Assets	62,757	61,995	+762	+1.2
Equity Ratio	73.5	73.2	+0.3 points	

Assets increased ¥635 million in comparison with the position at the end of the previous consolidated fiscal year, to ¥85,193 million. Despite an increase of ¥842 million in cash and deposits, current assets decreased by ¥544 million, due to a drop of ¥1,299 million in notes and accounts receivable-trade. Non-current assets grew ¥1,179 million, lifted by a rise of ¥739 million in intangible assets and of ¥405 million in investment securities.

Liabilities decreased ¥126 million in comparison with the position at the end of the previous consolidated fiscal year, to ¥22,435 million. Current liabilities decreased ¥220 million, as notes and accounts payable-trade decreased ¥216 million and provision for bonuses decreased ¥116 million. Non-current liabilities grew ¥94 million, lifted by a rise of ¥91 million in net defined benefit liability.

Net assets increased ¥762 million in comparison with the position at the end of the previous consolidated fiscal year, to ¥62,757 million.

Despite primarily having reached a quarterly net income of ¥1,912 million, shareholders' equity decreased ¥49 million due to a decrease by ¥182 million in retained surplus and of ¥1,774 million in payment for cash dividends, pursuant to revision of accounting policy for retirement benefits.

Other comprehensive incomes grew ¥806 million, lifted by rise of ¥307 million in valuation difference on available-for-sale securities, as well as of ¥317 million in foreign currency translation adjustment.

Analysis of Consolidated Cash Flow

The balance of cash and cash equivalents (“funds”) during the consolidated cumulative period under review increased up to ¥11,867 million, due to an increase of ¥310 million in cash and cash equivalents, and of ¥531 million in funds accompanying changes in the scope of consolidation.

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

Cash flows from operating activities

Funds provided by operating activities in the consolidated cumulative period under review increased ¥3,400 million. The key increases came from quarterly net income before income taxes of ¥2,787 million, and a decrease of ¥1,494 million in notes and accounts receivable-trade. The key decreases came from a decrease of ¥450 million in notes and accounts payable-trade, and income taxes (paid) refund of ¥858 million.

Cash flows from investment activities

Funds used in investment activities in the consolidated cumulative period under review were ¥1,374 million. The key expenditures came from expenditures for purchase of short-term and long term investment securities of ¥3,365 million, and expenditures for purchase of property, plant and equipment of ¥647 million. The key increases came from proceeds of ¥2,400 million from sales and redemption of short-term and long term investment securities.

Cash flows from financing activities

Funds used in financing activities in the consolidated cumulative period under review were ¥1,890 million. The key expenditures were cash dividends paid of ¥1,772 million.

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

Despite business results remaining firm during the consolidated cumulative period under review, the economic environment in Japan followed a recovery trend in corporate capital investment. However, the situation of the Group is still uncertain, as the number of new domestic housing starts affecting our business performance is continuously decreasing. Overseas, although the economies of the United States and Asian emerging countries continued to grow gradually, the European economy remained stagnant. As a result, the situation surrounding the Max Group continues to be unpredictable.

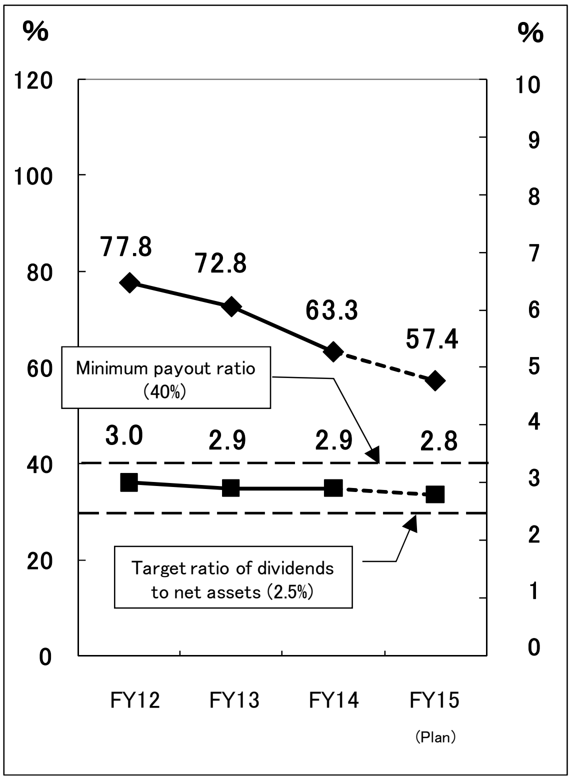
In light of these circumstances, Forecasts of Consolidated Operating Results for the Fiscal Year Ending March 2015 remain unchanged from the release on April 25, 2014.

Dividends

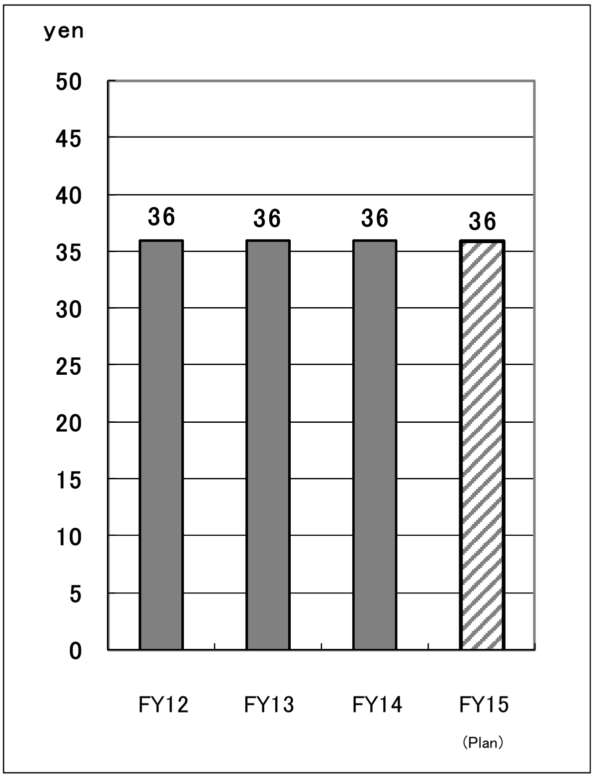
Our dividend policy of “maintaining a minimum of 40% payout ratio and targeting rate of dividends to net assets of 2.5%” has been set out.

Although the 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 Consolidated Cumulative Period under Review: None.

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 the first quarter of the current consolidated fiscal year, as their importance has increased.

(2) Application of Specific Accounting Procedures for Preparation of the Consolidated Financial Statements

Calculation of tax expenses

Tax expenses are calculated by multiplying pre-tax current net income for the fiscal year including the second 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 Principles

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 revised the accounting method for retirement benefit obligations and service cost, 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 the accounting method for retirement benefit obligations and service cost, financial effects are added to or subtracted from retained earnings, 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 half under review.

3. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	FY 2014 (As of March 31, 2014)	Cumulative H1 in FY 2015 (As of September 30, 2014)
ASSETS		
Current assets		
Cash and deposits	11,025	11,867
Notes and accounts receivable-trade	14,595	13,296
Marketable Securities	3,611	3,109
Merchandise and finished goods	4,592	5,248
Work in process	1,058	1,011
Raw materials	2,043	1,992
Other	1,993	1,848
Allowance for doubtful accounts	(3)	(1)
Total current assets	38,916	38,372
Non-current assets		
Property, plant and equipment	17,586	17,725
Intangible assets	254	994
Investments and other assets		
Investment securities	22,317	22,722
Other	5,491	5,388
Allowance for doubtful accounts	(9)	(9)
Total investments and other assets	27,799	28,101
Total non-current assets	45,641	46,820
Total assets	84,557	85,193
LIABILITIES		
Current liabilities		
Notes and accounts payable-trade	4,228	4,011
Short-term loans payable	1,850	1,850
Income taxes payable	932	1,026
Provision for bonuses	1,428	1,311
Provision for directors' bonuses	41	20
Other	3,217	3,256
Total current liabilities	11,698	11,477
Non-current liabilities		
Long-term loans payable	150	150
Provision for directors' retirement benefits	125	137
Net defined benefit liability	9,536	9,628
Asset retirement obligations	27	27
Negative goodwill	37	34
Other	987	981
Total non-current liabilities	10,863	10,957
Total liabilities	22,562	22,435

(Millions of yen)

	FY 2014 (As of March 31, 2014)	Cumulative H1 in FY 2015 (As of September 30, 2014)
NET ASSETS		
Shareholders' equity		
Capital stock	12,367	12,367
Capital surplus	10,517	10,517
Retained earnings	42,828	42,783
Treasury stock	(1,423)	(1,428)
Total shareholders' equity	64,290	64,241
Accumulated other comprehensive incomes		
Valuation difference on available-for-sale securities	583	890
Revaluation reserve for land	(1,364)	(1,364)
Foreign currency translation adjustment	279	596
Remeasurements of defined benefit plans	(1,899)	(1,716)
Total of other comprehensive income	(2,401)	(1,594)
Minority interests	105	110
Total net assets	61,995	62,757
Total liabilities and net assets	84,557	85,193

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

(Millions of yen)

	H1/ FY 2014 (From Apr. 1, 2013 to Sept. 30, 2013)	H1/ FY 2015 (From Apr. 1, 2014 to Sept. 30, 2014)
Net Sales	30,659	31,281
Cost of Sales	19,087	19,205
Gross Profit	11,572	12,075
Selling, general and administrative expenses		
Salaries	2,789	2,860
Provision for bonuses	777	843
Provision for directors' bonuses	18	20
Retirement benefit expenses	735	500
Provision for directors' retirement benefits	23	36
Packing and delivery expenses	895	926
Promotion expenses	680	621
Depreciation	320	323
Provision of allowance for doubtful accounts	0	-
Other	3,142	3,311
Total Selling, general and administrative expenses	9,385	9,444
Operating Income	2,187	2,631
Non-operating income		
Interest income	46	50
Dividend income	55	57
Amortization of negative goodwill	3	3
Foreign exchange gains	-	125
Other	45	58
Total non-operating income	151	295
Non-operating expenses		
Interest expenses	20	20
Taxes and dues	12	14
Foreign exchange losses	3	-
Other	49	30
Total non-operating expenses	86	65
Ordinary Income	2,253	2,861
Extraordinary income		
Gain on sales of investment securities	26	-
Gain on negative goodwill	43	-
Total extraordinary income	70	-
Extraordinary loss		
Impairment loss	10	-
Loss on sales of non-current assets	-	0
Loss on abandonment of non-current assets	13	46
Loss on liquidation of subsidiaries and associates	-	27
Total extraordinary loss	23	74
Quarterly net income before income taxes	2,299	2,787
Income taxes	865	876
Quarterly net income before minority interest	1,434	1,911
Minority interests in income	6	(1)
Quarterly net income	1,428	1,912

(Quarterly Consolidated Statement of Comprehensive Income)

(Millions of yen)

	H1/ FY 2014 (From Apr. 1, 2013 to Sept. 30, 2013)	H1/ FY 2015 (From Apr. 1, 2014 to Sept. 30, 2014)
Quarterly net income before minority interest	1,434	1,911
Other comprehensive incomes		
Valuation difference on available-for-sale securities	546	307
Foreign currency translation adjustment	84	323
Adjustments Relating to Retirement Benefits	-	182
Total other comprehensive income	631	813
Quarterly Comprehensive Income	2,065	2,724
(Breakdown)		
Quarterly Comprehensive Income relating to shareholders of parental company	2,059	2,719
Quarterly Comprehensive Income relating to minority shareholders	6	4

(3) Statement of Quarterly Consolidated Cash Flows

(Millions of yen)

	H1/ FY 2014 (From Apr. 1, 2013 to Sept. 30, 2013)	H1/ FY 2015 (From Apr. 1, 2014 to Sept. 30, 2014)
Cash flows from operating activities		
Quarterly net income before income taxes	2,299	2,787
Depreciation	899	875
Impairment loss	10	-
Amortization of goodwill	-	80
Amortization of negative goodwill	(3)	(3)
Increase (decrease) in allowance for doubtful accounts	(0)	(2)
Gain on negative goodwill	(43)	-
Increase (decrease) in provision for bonuses	(171)	(116)
Increase (decrease) in provision for directors' bonuses	(46)	(21)
Increase (decrease) in provision for directors' retirement benefits	(186)	11
Increase (decrease) in provision for retirement benefits	354	-
Increase (decrease) in net defined benefit liability	-	77
Interest and dividend income	(102)	(108)
Interest expenses	20	20
Foreign exchange losses (gains)	(2)	(25)
Loss on abandonment of non-current assets	13	46
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	490	1,494
Decrease (increase) in inventories	30	(344)
Increase (decrease) in notes and accounts payable-trade	(503)	(450)
Increase (decrease) in accrued consumption taxes	(147)	115
Decrease (increase) in other assets	196	(110)
Increase (decrease) in other liabilities	(572)	(211)
Subtotal	2,508	4,116
Interest and dividend income received	102	162
Interest expenses paid	(20)	(20)
Income taxes (paid) refund	(1,160)	(858)
Cash flows from operating activities	1,429	3,400
Cash flows from investment activities		
Purchase of short-term and long term investment securities	(4,623)	(3,365)
Proceeds from sales and redemption of short-term and long term investment securities	2,371	2,400
Purchase of property, plant and equipment	(737)	(647)
Proceeds from sales of property, plant and equipment	-	239
Purchase of intangible assets	(57)	(43)
Purchase of investments in subsidiaries	(167)	(3)
Payments of loans receivable	(42)	(9)
Collection of loans receivable	110	55
Payments into time deposits	(400)	-
Proceeds from withdrawal of time deposits	652	-
Cash flows from investment activities	(2,893)	(1,374)

(Millions of yen)

	H1/ FY 2014 (From Apr. 1, 2013 to Sept. 30, 2013)	H1/ FY 2015 (From Apr. 1, 2014 to Sept. 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	(1,319)	(4)
Cash dividends paid	(1,809)	(1,772)
Cash dividends paid to minority shareholders	(1)	(0)
Repayments of lease obligations	(103)	(109)
Cash flows from financing activities	(3,784)	(1,890)
Effect of exchange rate change on cash and cash equivalents	46	174
Net increase (decrease) in cash and cash equivalents	(5,201)	310
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	10,872	11,867

(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)

Consolidated First-Half of FY 2014 (From April 1, 2013 to September 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	10,649	18,280	1,729	30,659
Inter-segment sales or transfers	-	-	-	-
Total	10,649	18,280	1,729	30,659
Segment profit (loss)	2,180	151	(145)	2,187

(Note) Segment profit (loss) is consistent with operating income in the quarterly consolidated statement of income.

2) Difference between the total amount of income (loss) of reported 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 period ended June 30, 2013. Please take note that ¥43 million is recorded as gain on negative goodwill for this activity in the first three months ended June 30, 2013.

Consolidated First-Half of FY 2015 (From April 1, 2014 to September 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	10,593	18,975	1,712	31,281
Inter-segment sales or transfers	-	-	-	-
Total	10,593	18,975	1,712	31,281
Segment profit (loss)	2,032	650	(51)	2,631

(Note) Segment profit (loss) is consistent with operating income in the quarterly consolidated statement of income.

2) Difference between the total amount of income (loss) of the reported 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 have changed 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 the segment information for the first half of previous fiscal year disclosed as comparative information during the consolidated first half under review was prepared pursuant to the classification of reportable segments subsequent to the changes As a result, they differ from the reportable 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 an ¥819 million goodwill is recorded for this activity.