

**Summary of Consolidated Financial Results**  
**for the First Half of Fiscal Year Ending March 31, 2017**  
**[Japan Standards]**

Company name:	MAX Co., Ltd.	Stock listing:	Tokyo Stock Exchange
Securities code:	6454	URL:	<a href="http://www.max-ltd.co.jp">http://www.max-ltd.co.jp</a>
Representative:	Hachiro Kawamura, President	TEL:	+81-3-3669-8106
Contact:	Yasushi Asami, Managing Executive Officer		
Date of filing of financial statements	November 11, 2016		
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, 2017**  
**(April 1, 2016 to September 30, 2016)**

## (1) Consolidated Operating Results (Cumulative)

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

	Net Sales		Operating Income		Ordinary Income		Net Income Attributable to Shareholders of Parental Company	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
H1/ FY ending March 2017	32,362	(0.2)	3,065	7.0	2,767	(5.0)	2,171	13.9
H1/ FY ended March 2016	32,437	3.7	2,865	8.9	2,912	1.8	1,906	(0.3)

(Note) Comprehensive income

H1/ FY ending March 2017:	1,282 million yen (-7.8%)
H1/ FY ended March 2016:	1,390 million yen (-49.0%)

	Net Income per Share	Net Income per Share after Dilution
	Yen	Yen
H1/ FY ending March 2017	44.06	—
H1/ FY ended March 2016	38.68	—

## (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 2017	87,612	63,615	72.5	1,289.17
FY ended March 2016	88,828	64,263	72.2	1,301.81

(Reference) Shareholders' equity

H1/ FY ending March 2017:	63,523 million yen
FY ended March 2016:	64,150 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 2016	—	—	—	39.00	39.00
FY ending March 2017	—	—	—	—	—
FY ending March 2017 (Forecast)	—	—	—	39.00	39.00

(Note) Revision of forecasts on the dividends: None

### 3. Forecasts of Consolidated Operating Results for the Fiscal Year Ending March 31, 2017 (April 1, 2016 to March 31, 2017)

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

	Net Sales		Operating Income		Ordinary Income		Net Income Attributable to Shareholders of Parental Company		Net Income per Share
Full year	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
	69,400	4.3	6,000	2.0	6,150	6.2	4,000	13.9	81.24

(Note) Revision of forecasts on the consolidated operation results: None

#### \* Notes

(1) Changes in material subsidiaries during the consolidated cumulative period under review (changes in specific subsidiaries affecting the scope of consolidation): None

New: — (Company name: ) Excluded: — (Company name: )

(2) Application of specific accounting procedures for the preparation 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): None

3) Changes in accounting estimates: None

4) Restatements: None

(4) Number of outstanding shares (common stock)

1) Number of shares outstanding at term-end (including treasury stock)

As of September 30, 2016: 49,500,626 shares

As of March 31, 2016: 49,500,626 shares

2) Number of treasury stock at term-end

As of September 30, 2016: 225,823 shares

As of March 31, 2016: 222,798 shares

3) Number of average stock during term (quarter accumulation)

Six months ended September 30, 2016: 49,275,835 shares

Six months ended September 30, 2015: 49,285,548 shares

#### \*Information 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 the disclosure 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 been completed.

#### \*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."

Table of Contents of the appendix

1. Qualitative Information on Current Quarterly Results .....	2
(1) Explanation Concerning Qualitative Information on Operating Results .....	2
(2) Explanation Concerning Financial Position .....	7
(3) Explanation Concerning Forward-looking Statements Such as Forecasts of Consolidated Operating Results ...	8
2. Items Related to Summary Information (Notes).....	9
(1) Changes in Material Subsidiaries During the Consolidated Cumulative Period Under Review.....	9
(2) Application of Specific Accounting Procedures for the Preparation of Quarterly Consolidated Financial Statements	9
(3) Changes in Accounting Principles, Changes in Accounting Estimates and Restatements .....	9
(4) Additional Information .....	9
3. Quarterly Consolidated Financial Statements.....	10
(1) Quarterly Consolidated Balance Sheets .....	10
(2) Quarterly Consolidated Statements of Income and Comprehensive Income .....	12
(3) Quarterly Consolidated Statement of Cash Flows .....	14
(4) Notes Relating to the Quarterly Consolidated Financial Statements .....	16
(Notes Relating to the Assumption of Going Concern).....	16
(Notes on Significant Changes in the Amount of Shareholders' Equity) .....	16
(Segment Information) .....	16

## [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 consolidated cumulative period under review

(Millions of yen, %)

	H1/ FY 2017 (Ending March 2017)	H1/ FY 2016 (Ended March 2016)	Year-on-year Change	
			Increase (decrease)	Rate of increase (decrease)
Net Sales	32,362	32,437	(74)	(0.2)
Operating Income	3,065	2,865	+200	+7.0
Ordinary Income	2,767	2,912	(145)	(5.0)
Net Income Attributable to Shareholders of Parental Company	2,171	1,906	+264	+13.9
Net Income per Share (yen)	44.06 yen	38.68 yen	+5.38 yen	—
Operating Margin	9.5	8.8	+0.7 points	

During the consolidated cumulative period under review (from April 1, 2016 to September 30, 2016), the recovery trend in the economy of Japan has stalled, as although the employment and income conditions were robust, personal consumption was still weak. The number of new housing starts, which influences the Company's business, increased as compared with the previous year thanks to the prolonged period of low interest rates. Looking overseas, the U.S. economy maintained a growth trend with robust labor market and personal consumption, and in Europe also the economy is slowly recovering, but China and some newly-emerging nations in Asia showed a slowdown in economic growth, and thus the business environment surrounding the Company remained uncertain.

Under such circumstances, the Group pursues to "1. Establish growth businesses, 2. Increase earning capacity, 3. Think and act by oneself," based on its management policy for the current fiscal term that places "customer value" and "realism" at the basis of our activities. We are working on developing products considering growth and revenues based on customer needs, and on providing results for our customers through sustainable business activities. This way, the Group commits to achieving sustained growth and enhancing group-wide profitability.

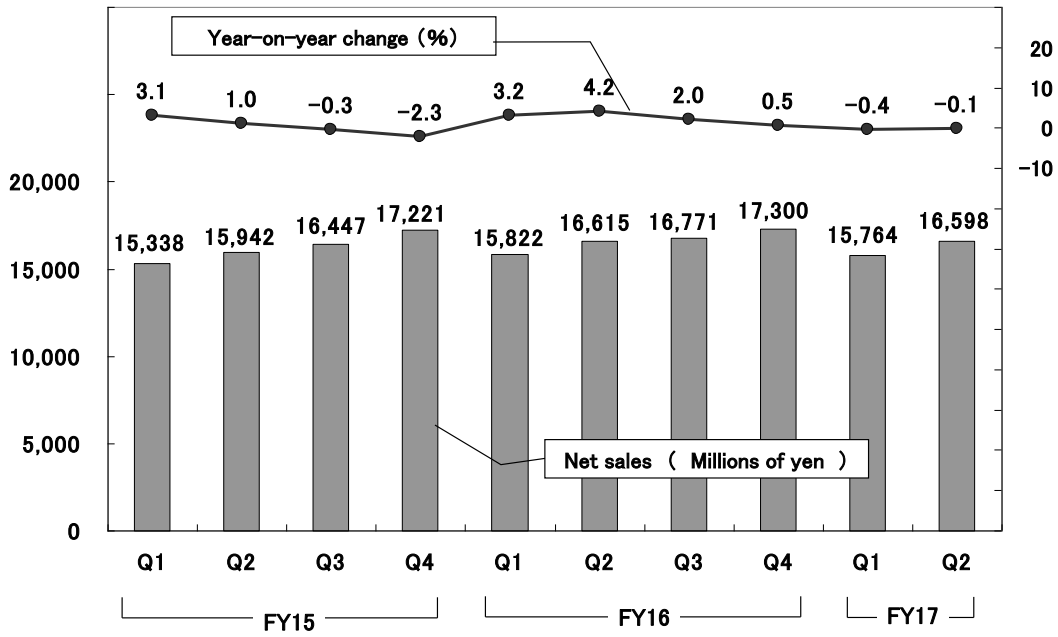
In the Office Equipment segment, sales of "BEPOP" products increased both in Japan and overseas, but due to strong yen rates as compared with the previous year, the overall segment revenue decreased. In the Industrial Equipment segment, although exchange rates caused a decrease in revenue in the overseas industrial equipment product business, with an increase of domestic sales of tools for wood structures including new products as well as of bathroom heaters, ventilators and dehumidifiers, which are the mainstay of the residential environment business, the overall segment revenue increased. In the HCR Equipment segment, although the overall segment revenue decreased due to a drop in the number of wheelchairs sold, the cost reduction measures implemented together with a revision of the manufacturing process and also favorable exchange rates resulted in smaller operating loss.

As a result, net sales decreased 0.2% from the previous corresponding period to ¥32,362 million, while operating income increased 7.0% from the previous corresponding period to ¥3,065 million. Ordinary income decreased 5.0% from the previous corresponding period to ¥2,767 million, reflecting foreign exchange losses on foreign currency denominated assets. Net income attributable to shareholders of parental company increased 13.9% from the previous corresponding period to ¥2,171 million.

### Quarterly Net Sales Trend and Changes Year-on-Year

Millions of yen

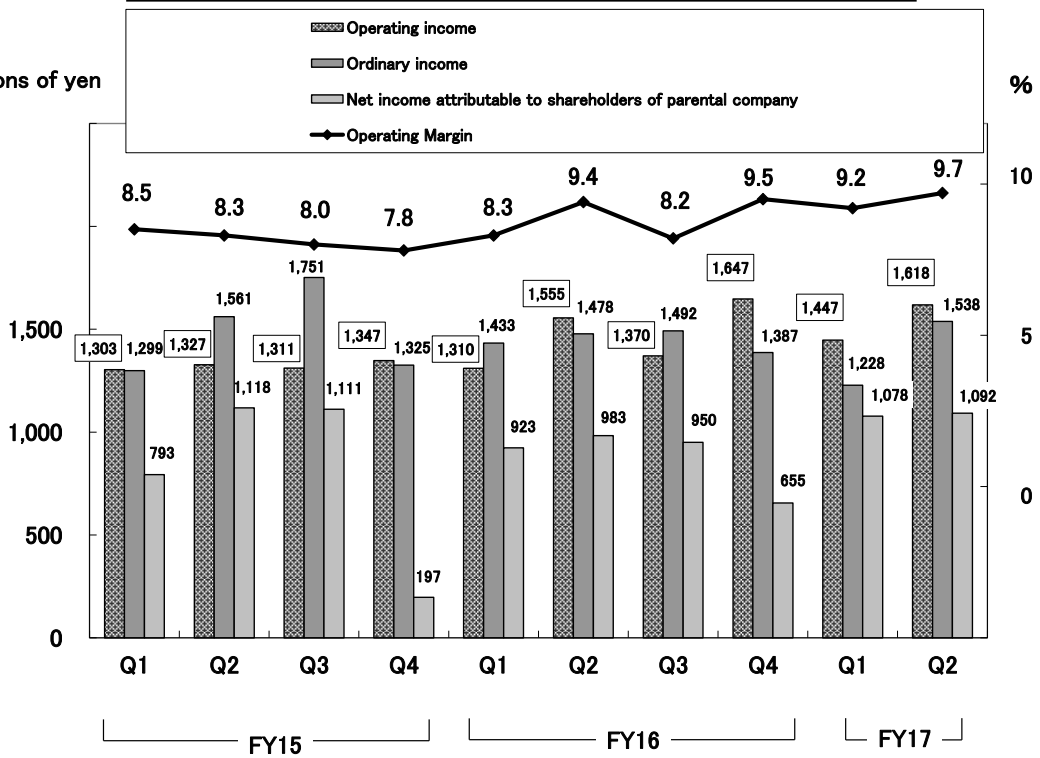
%



### Quarterly Earnings Trend

Millions of yen

%



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

Office Equipment Segment

(Millions of yen, %)

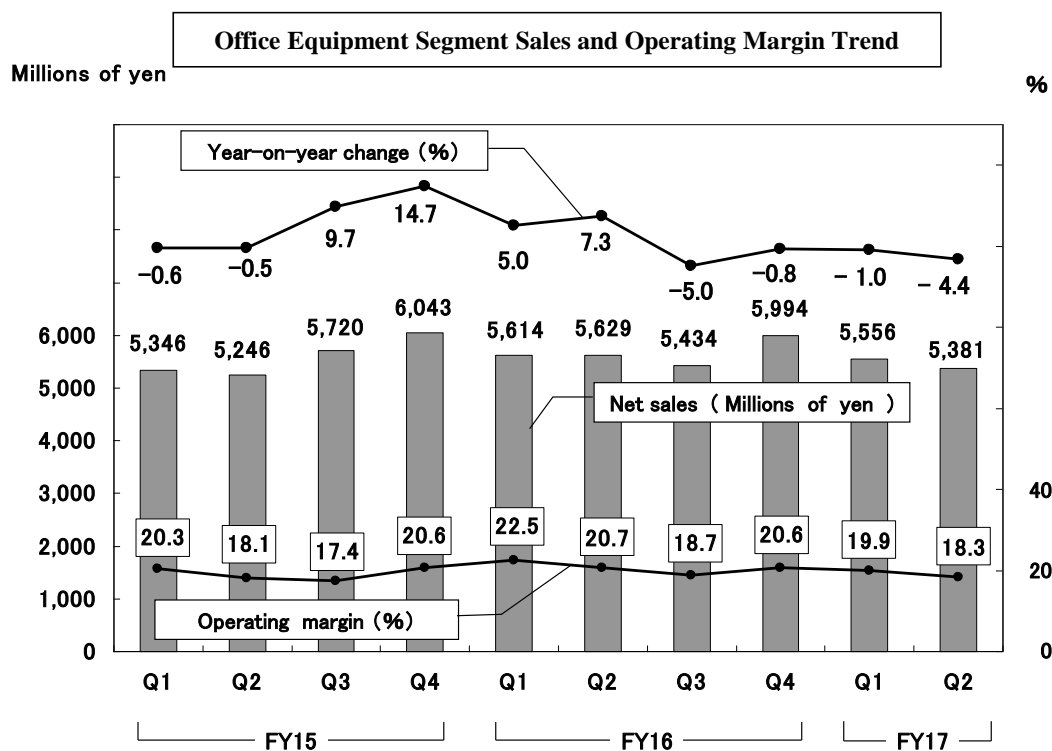
	H1/ FY 2017 (Ending March 2017)	H1/ FY 2016 (Ended March 2016)	Year-on-year Change	
			Increase (decrease)	Rate of increase (decrease)
Net Sales	10,937	11,244	(307)	(2.7)
Operating Income	2,090	2,430	(339)	(14.0)
Operating Margin	19.1	21.6	(2.5) points	

Business results for the Office Equipment segment during this second quarter were as follows: Net sales ¥10,937 million (a decrease of 2.7% from the previous corresponding period), operating income ¥2,090 million (a decrease of 14.0% from the previous corresponding period), and operating margin 19.1%.

In domestic office operations, we managed to secure overall sales at the same level as the previous year thanks to the contributions made by the newly released “BEPOP” signage creation machines and the highly-functional stapler “Vaimo11.”

In the overseas office operations, although adversely affected by the exchange rates as the yen was stronger compared with the preceding term, as the newly released products did quite well with an increase in the sales of “BEPOP” in Europe, North America, and East Asia as well as an increase in the sales of staplers centering on South Asia, the overall segment revenue slightly increased.

In auto-stapler operations, although the photocopier market remained strong, the overall segment revenue decreased due to the strong yen rates compared with the preceding term.



## Industrial Equipment Segment

(Millions of yen, %)

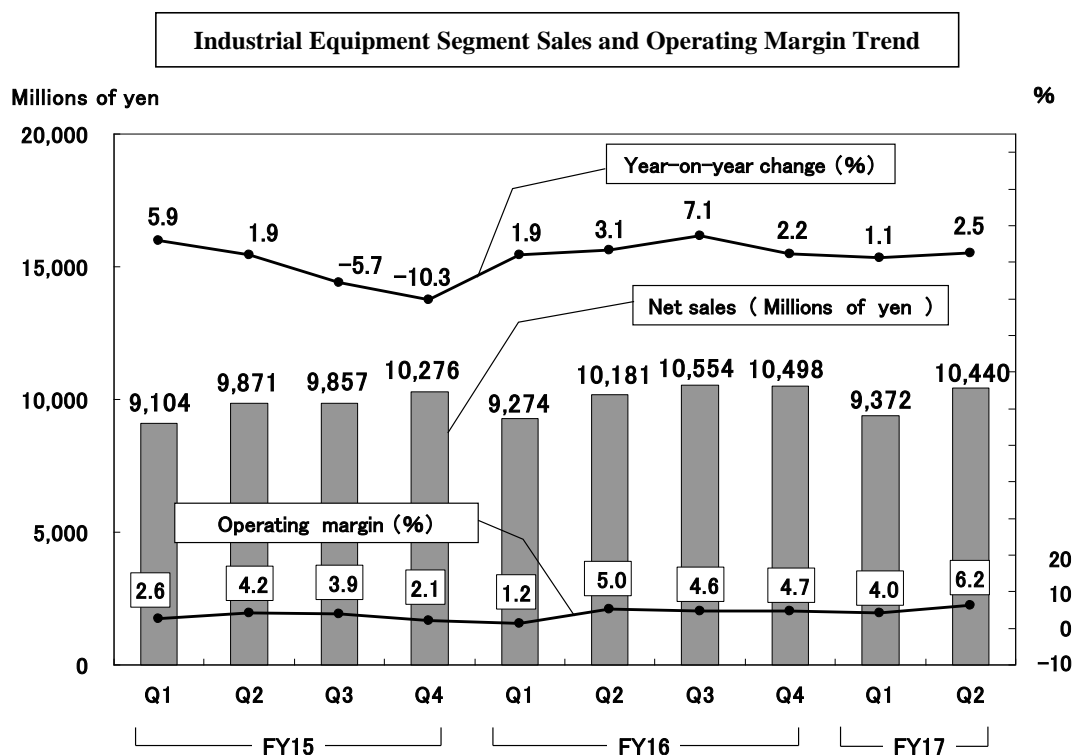
	H1/ FY 2017 (Ending March 2017)	H1/ FY 2016 (Ended March 2016)	Year-on-year Change	
			Increase (decrease)	Rate of increase (decrease)
Net Sales	19,812	19,456	+356	+1.8
Operating Income	1,016	620	+396	+63.9
Operating Margin	5.1	3.2	+1.9 points	

Business results for the Industrial Equipment segment during this second quarter were as follows: Net sales ¥19,812 million (an increase of 1.8% from the previous corresponding period), operating income ¥1,016 million (an increase of 63.9% from the previous corresponding period), and operating margin 5.1%.

In the domestic industrial equipment product operations, overall segment revenue increased, as although the sales of tools for concrete structures decreased due to a decrease in the number of reinforced concrete non-housing starts, the number of new housing starts increased and the sales of tools for wood structures centering on newly released battery-power tools expanded.

In the overseas industrial equipment product operations, although with an expansion of the Company's sales network in Europe and the U.S. the quantity of tools sold both for concrete and wood structures increased, overall revenue decreased due to the strong yen rates compared with the preceding term.

In the residential environment operations, although sales of floor heating systems and disposer systems decreased, sales of the Company's major product line of bathroom heaters, ventilators and dehumidifiers increased for detached houses and rental housing, resulting in an overall increase of the segment revenue.



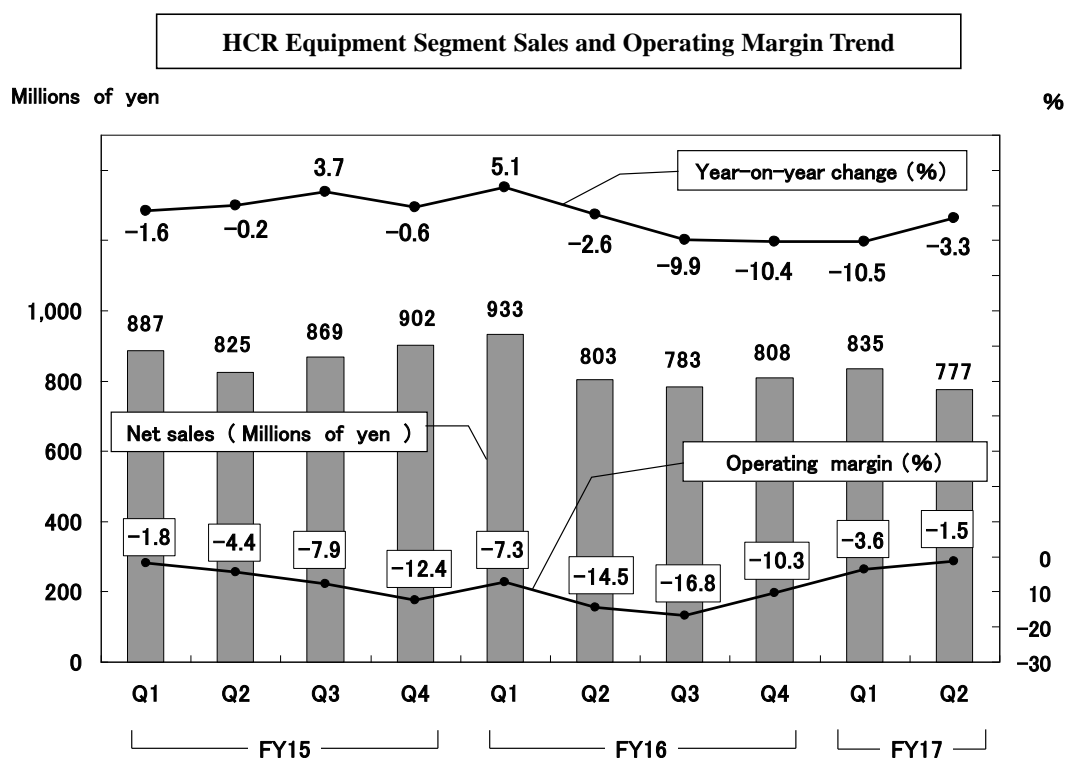
HCR Equipment Segment

(Millions of yen, %)

	H1/ FY 2017 (Ending March 2017)	H1/ FY 2016 (Ended March 2016)	Year-on-year Change	
			Increase (decrease)	Rate of increase (decrease)
Net Sales	1,612	1,737	(124)	(7.2)
Operating Income	(41)	(185)	+143	—
Operating Margin	(2.6)	(10.7)	+8.1 points	

Business results for the HCR Equipment segment during this second quarter were as follows: Net sales ¥1,612 million (a decrease of 7.2% from the corresponding previous period) and operating income -¥41 million.

Although proposal activities for installation of new products were continued for large-scale rental routes, we recorded lower unit sales of wheelchairs, resulting in a decrease in the segment revenue. However, the operating loss was reduced due to cost reduction that was made possible by a revision of the manufacturing process implemented to improve profitability as well as a decrease of costs resulting from strong yen rates.





## (2) Explanation Concerning Financial Position

### 1) Summary of Consolidated Balance Sheets

(Millions of yen, %)

	Q2/ FY 2017 (As of September 30, 2016)	FY 2016 (As of March 31, 2016)	Comparison with position at end of previous consolidated fiscal year	
			Increase (decrease)	Rate of increase (decrease)
Total Assets	87,612	88,828	(1,216)	(1.4)
Net Assets	63,615	64,263	(647)	(1.0)
Equity Ratio	72.5	72.2	+0.3 points	

Assets decreased ¥1,216 million in comparison with the position at the end of the previous consolidated fiscal year, to ¥87,612 million. Despite a decrease of ¥1,088 million in notes and accounts receivable-trade, current assets increased ¥1,283 million, due to factors such as a rise of ¥1,476 million in cash and deposits, and of ¥900 million in marketable securities. Non-current assets decreased ¥2,499 million due to factors such as a drop of ¥2,134 million in investment securities.

Liabilities decreased ¥568 million in comparison with the position at the end of the previous consolidated fiscal year, to ¥23,996 million. Despite an increase of ¥260 million in income taxes payable, current liabilities decreased ¥278 million due to factors such as a drop of ¥478 million in notes and accounts payable-trade. Non-current liabilities also decreased ¥290 million due to factors such as a drop of ¥282 million in net defined benefit liability.

Net assets decreased ¥647 million in comparison with the position at the end of the previous consolidated fiscal year, to ¥63,615 million. Shareholders' equity increased ¥245 million. Key factors were cash dividends paid of ¥1,921 million, offset by a net income attributable to shareholders of parental company of ¥2,171 million.

Accumulated other comprehensive income fell ¥872 million as resulted from a drop of ¥211 million in valuation difference on available-for-sale securities, and of ¥1,143 million in foreign currency translation adjustment.

### 2) Analysis of Consolidated Cash Flow

The balance of cash and cash equivalents ("funds") during the consolidated cumulative period under review was ¥19,259 million due to an increase of ¥1,476 million in cash and cash equivalents compared with the previous consolidated fiscal year.

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 obtained from operating activities in the consolidated period under review amounted to ¥4,290 million. The key increases came from net income before income taxes of ¥2,772 million, a depreciation of ¥993 million, and a decrease of ¥717 million in notes and accounts receivable-trade. The key decreases came from an increase of ¥283 million in inventories, and ¥356 million in income taxes paid.

#### Cash flows from investment activities

Funds used in investment activities in the consolidated cumulative period under review were ¥71 million. The key increases came from proceeds of ¥1,100 million from sales and redemption of short-term and long-term investment securities. The key decreases came from purchase of short-term and long-term investment securities of ¥201 million, and purchase of property, plant and equipment of ¥968 million.

#### Cash flows from financing activities

Funds used in financing activities in the consolidated cumulative period under review were ¥2,038 million. The key expenditures were ¥1,920 million in cash dividends paid.

### (3) Explanation Concerning Forward-looking Statements Such as Forecasts of Consolidated Operating Results

Economy of Japan is expected to continue on the path of slow recovery with improvements of the employment and income environments, but with concerns over a slowdown of the economies of China and the newly-emerging nations in Asia, the business environment surrounding the Company remains uncertain.

Under such conditions, the Group is making every effort to carry out its management policies for the current fiscal term, aiming at establishing growth businesses and increasing earning capacity. As a result, operating revenue is solid as for now.

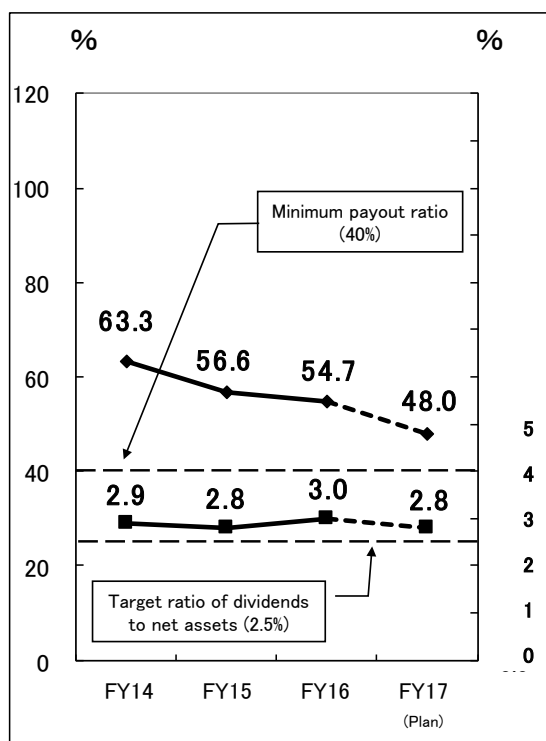
In light of these circumstances, Forecasts of Consolidated Operating Results for the Fiscal Year Ending March 2017 remain unchanged from the release on April 28, 2016.

#### Dividends

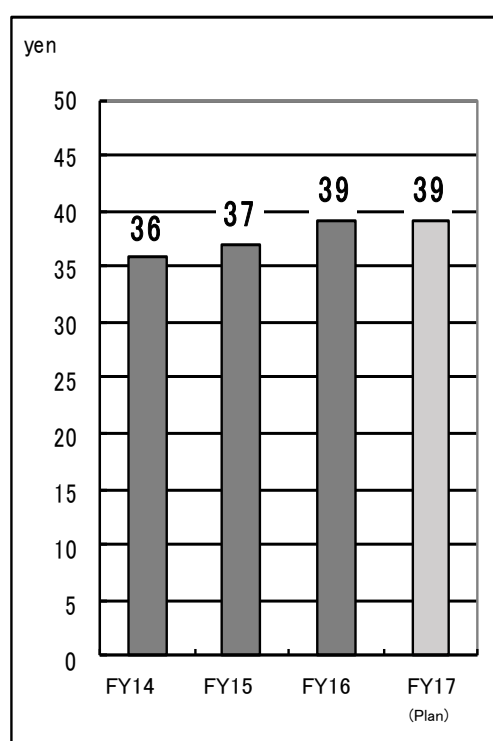
We have set a dividend policy of “maintaining a minimum of 40% payout ratio and targeting rate of dividends to net assets of 2.5%.”

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 current steady corporate performance and its financial position, we plan to make the same annual dividend payment of “¥39 per share” as the previous fiscal year.

**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.

### (2) Application of Specific Accounting Procedures for the Preparation of Quarterly 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 Practical Solutions on Accounting for Changes in the Method of Depreciation Related to Revisions to the FY2016 Tax Law

In accordance with revisions to the Corporate Tax Law, we have adopted the “Practical Solutions on Accounting for Changes in the Method of Depreciation Related to Revisions to the FY2016 Tax Law” (Practical Issues Task Force No. 32 issued on June 17, 2016), effective from the consolidated first quarter of current fiscal year. Accordingly, we modified the method of depreciation of facilities attached to buildings and of structures acquired on or after April 1, 2016, from the declining balance method to the straight line method.

There was only minor impact on income and loss during the consolidated cumulative period under review.

### (4) Additional Information

#### Implementation of Guidance on Realizability of Deferred Tax Assets

We have adopted the “Implementation Guidance on Realizability of Deferred Tax Assets” (Corporate Accounting Standards No. 26 of March 28, 2016), effective from the consolidated first quarter of current fiscal year.

### 3. Quarterly Consolidated Financial Statements

#### (1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	FY 2016 (As of March 31, 2016)	Cumulative H1 in FY 2017 (As of September 30, 2016)
<b>ASSETS</b>		
Current assets		
Cash and deposits	17,783	19,259
Notes and accounts receivable-trade	14,356	13,267
Marketable securities	3,224	4,125
Merchandise and finished goods	5,141	5,246
Work in process	878	867
Raw materials	1,480	1,386
Other	1,841	1,828
Allowance for doubtful accounts	(13)	(4)
<b>Total current assets</b>	<b>44,693</b>	<b>45,977</b>
Non-current assets		
Property, plant and equipment	17,298	17,145
Intangible assets	717	539
Investments and other assets		
Investment securities	21,672	19,538
Other	4,454	4,417
Allowance for doubtful accounts	(9)	(5)
<b>Total investments and other assets</b>	<b>26,118</b>	<b>23,950</b>
<b>Total non-current assets</b>	<b>44,134</b>	<b>41,635</b>
<b>Total assets</b>	<b>88,828</b>	<b>87,612</b>
<b>LIABILITIES</b>		
Current liabilities		
Notes and accounts payable-trade	4,073	3,595
Short-term loans payable	1,850	1,850
Income taxes payable	822	1,083
Provision for bonuses	1,435	1,481
Provision for directors' bonuses	43	24
Other	3,294	3,206
<b>Total current liabilities</b>	<b>11,519</b>	<b>11,241</b>
Non-current liabilities		
Long-term loans payable	150	150
Provision for product warranties	47	43
Net defined benefit liability	11,788	11,505
Asset retirement obligations	28	18
Negative goodwill	22	18
Other	1,008	1,018
<b>Total non-current liabilities</b>	<b>13,045</b>	<b>12,755</b>
<b>Total liabilities</b>	<b>24,565</b>	<b>23,996</b>

(Millions of yen)

	FY 2016 (As of March 31, 2016)	Cumulative H1 in FY 2017 (As of September 30, 2016)
<b>NET ASSETS</b>		
Shareholders' equity		
Capital stock	12,367	12,367
Capital surplus	10,518	10,518
Retained earnings	43,654	43,903
Treasury stock	(263)	(267)
<b>Total shareholders' equity</b>	<b>66,277</b>	<b>66,522</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,190	978
Revaluation reserve for land	(343)	(343)
Foreign currency translation adjustment	285	(857)
Remeasurements of defined benefit plans	(3,258)	(2,776)
<b>Total accumulated other comprehensive income</b>	<b>(2,126)</b>	<b>(2,999)</b>
Non-controlling interests	112	92
<b>Total net assets</b>	<b>64,263</b>	<b>63,615</b>
<b>Total liabilities and net assets</b>	<b>88,828</b>	<b>87,612</b>

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

(Millions of yen)

	Cumulative H1 in FY 2016 (From April 1, 2015 to Sept. 30, 2015)	Cumulative H1 in FY 2017 (From April 1, 2016 to Sept. 30, 2016)
Net sales	32,437	32,362
Cost of sales	20,162	19,399
Gross profit	12,275	12,962
Selling, general and administrative expenses		
Salaries	2,859	2,885
Provision for bonuses	818	958
Provision for directors' bonuses	19	24
Retirement benefit expenses	517	774
Provision for directors' retirement benefits	9	—
Packing and delivery expenses	943	966
Promotion expenses	489	621
Depreciation	326	299
Other	3,425	3,367
Total selling, general and administrative expenses	9,409	9,896
Operating income	2,865	3,065
Non-operating income		
Interest income	48	39
Dividend income	66	66
Amortization of negative goodwill	3	3
Other	47	73
Total non-operating income	165	182
Non-operating expenses		
Interest expenses	20	19
Taxes and dues	3	3
Foreign exchange losses	73	434
Other	22	23
Total non-operating expenses	119	481
Ordinary income	2,912	2,767
Gain on sales of non-current assets	—	15
Gain on sales of investment securities	46	—
Total extraordinary income	46	15
Extraordinary loss		
Loss on sales of non-current assets	0	—
Loss on abandonment of non-current assets	3	10
Product quality warranty expenses	49	—
Total extraordinary loss	53	10
Net income before income taxes	2,905	2,772
Income taxes	990	851
Income taxes for prior periods	—	(250)
Net income	1,915	2,171
Net income (loss) attributable to non-controlling interests	8	(0)
Net income attributable to shareholders of parental company	1,906	2,171

## (Quarterly Consolidated Statement of Comprehensive Income)

(Millions of yen)

	Cumulative H1 in FY 2016 (From April 1, 2015 to Sept. 30, 2015)	Cumulative H1 in FY 2017 (From April 1, 2016 to Sept. 30, 2016)
Net income	1,915	2,171
Other comprehensive income		
Valuation difference on available-for-sale securities	(381)	(211)
Foreign currency translation adjustment	(355)	(1,159)
Adjustments relating to retirement benefits	211	482
Total other comprehensive income	(524)	(888)
Comprehensive income	1,390	1,282
(Breakdown)		
Comprehensive income attributable to shareholders of parental company	1,402	1,298
Comprehensive income attributable to non-controlling interests	(12)	(16)

## (3) Quarterly Consolidated Statement of Cash Flows

(Millions of yen)

	Cumulative H1 in FY 2016 (From April 1, 2015 to Sept. 30, 2015)	Cumulative H1 in FY 2017 (From April 1, 2016 to Sept. 30, 2016)
<b>Cash flows from operating activities</b>		
Net income before income taxes	2,905	2,772
Depreciation	917	993
Amortization of goodwill	86	76
Amortization of negative goodwill	(3)	(3)
Increase (decrease) in allowance for doubtful accounts	10	(11)
Increase (decrease) in provision for bonuses	(63)	52
Increase (decrease) in provision for directors' bonuses	(22)	(18)
Increase (decrease) in provision for product warranties	—	(4)
Increase (decrease) in provision for directors' retirement benefits	(154)	—
Increase (decrease) in net defined benefit liability	52	404
Interest and dividend income	(115)	(105)
Interest expenses	20	19
Foreign exchange losses (gains)	5	58
Loss on abandonment of non-current assets	3	10
Loss (gain) on sales of non-current assets	0	(15)
Loss (gain) on sales of short-term and long-term investment securities	(46)	—
Product quality warranty expenses	49	—
Decrease (increase) in notes and accounts receivable-trade	477	717
Decrease (increase) in inventories	21	(283)
Increase (decrease) in notes and accounts payable-trade	(118)	7
Increase (decrease) in accrued consumption taxes	(267)	49
Decrease (increase) in other assets	(182)	28
Increase (decrease) in other liabilities	(541)	(237)
Subtotal	3,036	4,509
Interest and dividend income received	165	155
Interest expenses paid	(20)	(17)
Income taxes (paid) refund	(1,032)	(356)
Cash flows from operating activities	2,149	4,290
<b>Cash flows from investment activities</b>		
Purchase of short-term and long-term investment securities	(1,626)	(201)
Proceeds from sales and redemption of short-term and long-term investment securities	1,999	1,100
Purchase of property, plant and equipment	(1,057)	(968)
Proceeds from sales of property, plant and equipment	—	18
Purchase of intangible assets	(19)	(38)
Payments of loans receivable	(1)	(26)
Collection of loans receivable	63	56
Payments for asset retirement obligations	—	(10)
Cash flows from investment activities	(642)	(71)



	(Millions of yen)	
	Cumulative H1 in FY 2016 (From April 1, 2015 to Sept. 30, 2015)	Cumulative H1 in FY 2017 (From April 1, 2016 to Sept. 30, 2016)
<b>Cash flows from financing activities</b>		
Purchase of treasury shares	(6)	(3)
Proceeds from sales of treasury shares	0	—
Cash dividends paid	(1,821)	(1,920)
Cash dividends paid to non-controlling shareholders	(1)	(4)
Repayments of lease obligations	(118)	(109)
<b>Cash flows from financing activities</b>	<b>(1,946)</b>	<b>(2,038)</b>
Effect of exchange rate change on cash and cash equivalents	(110)	(703)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(551)</b>	<b>1,476</b>
Balance of cash and cash equivalents, beginning of the period	15,343	17,783
<b>Quarterly balance of cash and cash equivalents at the end of the period</b>	<b>14,792</b>	<b>19,259</b>

(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)

Cumulative H1 of FY 2016 (From April 1, 2015 to September 30, 2015)

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

(Millions of yen)

	Reported segments			Total
	Office Equipment	Industrial Equipment	HCR Equipment	
Net sales				
Net sales to outside customers	11,244	19,456	1,737	32,437
Inter-segment sales or transfers	—	—	—	—
Total	11,244	19,456	1,737	32,437
Segment profit (loss)	2,430	620	(185)	2,865

(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 consolidated statement of income, as well as key details of said difference (items related to adjustment of differences)

None.

Cumulative H1 of FY 2017 (From April 1, 2016 to September 30, 2016)

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

(Millions of yen)

	Reported segments			Total
	Office Equipment	Industrial Equipment	HCR Equipment	
Net sales				
Net sales to outside customers	10,937	19,812	1,612	32,362
Inter-segment sales or transfers	—	—	—	—
Total	10,937	19,812	1,612	32,362
Segment profit (loss)	2,090	1,016	(41)	3,065

(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 consolidated statement of income, as well as key details of said difference (items related to adjustment of differences)

None.