July 27, 2018

Summary of Consolidated Financial Results for the First Quarter of Fiscal Year Ending March 31, 2019 [Japan Standards]

Company name:	MAX Co., Ltd.	Stock listing: Tokyo Stock Exchange	
Securities code:	6454	URL: http://www.max-ltd.co.jp	
Representative:	Mitsuteru Kurosawa, President		TEL: +81-3-3669-8106
Contact:	Akio Kitaya, General Manager, General Affairs Dept.		

Date of filing of financial statements August 10, 2018

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 31, 2019 (April 1, 2018 to June 30, 2018)

(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	%
Q1/ FY ending March 2019	16,856	6.5	1,650	26.7	1,794	31.2	1,254	13.6
Q1/ FY ended March 2018	15,830	0.4	1,302	(10.1)	1,367	11.3	1,104	2.4

(Note) Comprehensive income

Q1/ FY ending March 2019: 1,345 million yen (-24.3%)

Q1/ FY ended March 2018: 1,777 million yen (43,238.5%)

	Net Income per Share	Net Income per Share after Dilution
	Yen	Yen
Q1/ FY ending March 2019	25.47	―
Q1/ FY ended March 2018	22.41	―

(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 2019	94,812	70,850	74.6	1,435.95
FY ended March 2018	96,133	71,574	74.3	1,450.61

(Reference) Shareholders' equity

Q1/ FY ending March 2019: 70,744 million yen

FY ended March 2018: 71,467 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 2018	―	―	―	42.00	42.00
FY ending March 2019	―				
FY ending March 2019 (Forecast)		―	―	44.00	44.00

(Note) Revision of forecasts on the dividends: None

3. Forecasts of Consolidated Operating Results for the Fiscal Year Ending March 31, 2019 (April 1, 2018 to March 31, 2019)

(% 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
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First Half	33,700	2.4	2,970	3.3	3,060	2.3	2,180	(4.8)	44.25
Full year	70,400	3.3	6,400	4.2	6,550	7.8	4,600	(1.2)	93.37

(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.: None
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 June 30, 2018: 49,500,626 shares
   As of March 31, 2018: 49,500,626 shares
2) Amount of treasury stock at term-end
   As of June 30, 2018: 233,486 shares
   As of March 31, 2018: 233,440 shares
3) Amount of average stock during term (quarter accumulation)
   Three months ended June 30, 2018: 49,267,140 shares
   Three months ended June 30, 2017: 49,269,797 shares

***This quarterly summary of consolidated financial results is excluded from quarterly review by certified public accountants or auditing corporations.**

***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. Therefore, actual results and other achievements may 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 consolidated cumulative period under review

(Millions of yen, %)

	Q1/ FY 2019 (Ending March 2019)	Q1/ FY 2018 (Ended March 2018)	Year-on-year Change	
			Increase (decrease)	Rate of increase (decrease)
Net Sales	16,856	15,830	+1,025	+6.5
Operating Income	1,650	1,302	+348	+26.7
Ordinary Income	1,794	1,367	+427	+31.2
Net Income Attributable to Shareholders of Parental Company	1,254	1,104	+150	+13.6
Net Income per Share (yen)	25.47 yen	22.41 yen	+3.06 yen	—
Operating Margin	9.8	8.2	+1.6 points	

During the consolidated cumulative period under review (from April 1, 2018 to June 30, 2018), the Japanese economy has been on a recovery trend with improvements in employment and income environment and a moderate increase in capital investment. Looking overseas, the U.S. economy has continued on the path to recovery as can be seen in the increasing personal consumption and new housing starts, while in Europe also economic recovery continued with a moderate pace.

In the market environment, which affects the Company's Industrial Equipment segment, although the number of new housing construction starts in Japan has decreased as compared with the same period of the previous fiscal year, the floor area of newly built plants, warehouses, and other non-residential buildings has increased.

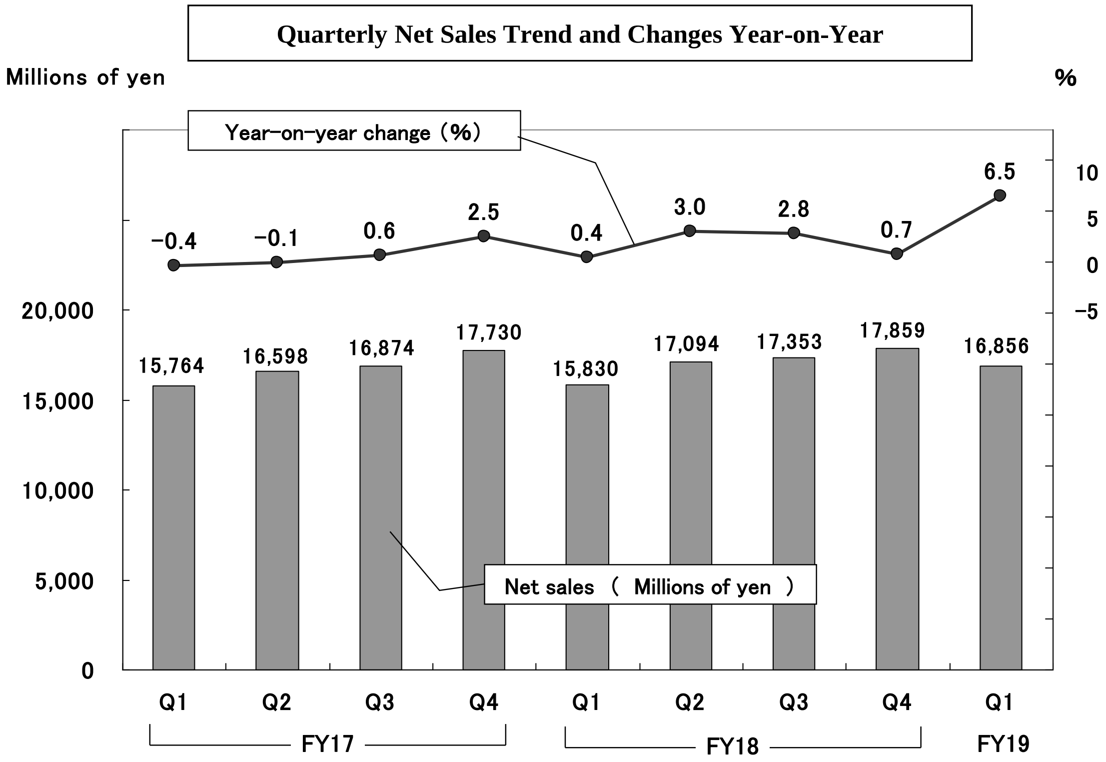
On the other hand, there has been a sense of uncertainty with regard to the business conditions surrounding the Company due to a number of reasons including uncertainty in the global economy due to price increases of steel materials, petroleum products, and other raw materials, as well as protectionist trade policies of the U.S. government, and other adverse developments.

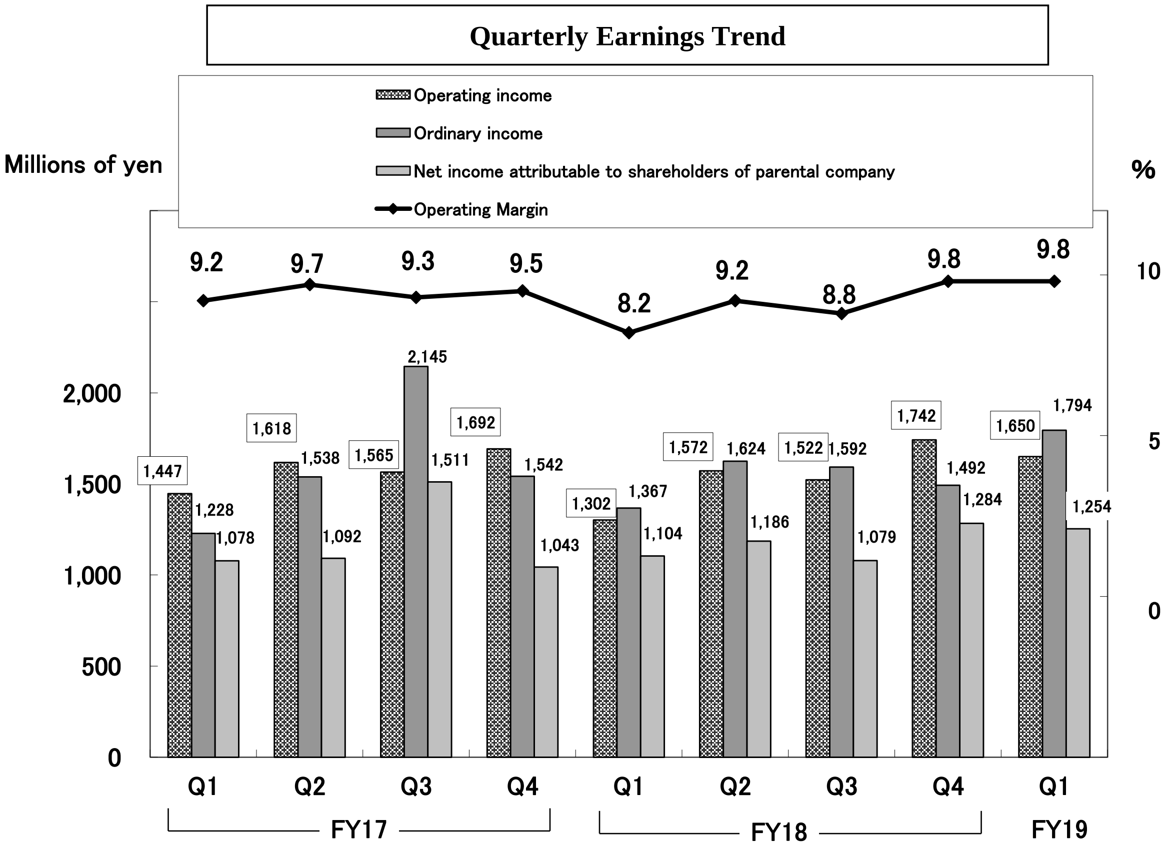
Under such circumstances, during the period under review, the Max Group posted an increase of revenue, as the Industrial Equipment segment drove the overall sales with a number of products including our rebar tying tool TWINTIER, for which sales increased both in Japan and overseas. The cost of sales, on the other hand, increased as a result of increases in price of materials and some other reasons.

As a result, net sales increased 6.5% from the previous corresponding period to ¥16,856 million, while operating income increased 26.7% from the previous corresponding period to ¥1,650 million. Ordinary income increased 31.2% from the previous corresponding period to ¥1,794 million, and net income attributable to shareholders of parental company also increased 13.6% from the previous corresponding period to ¥1,254 million.

As stated in "3) Items regarding changes, etc. in reported segments" on page 16, from the first quarter under review, the calculation method for income of reported segments has been changed, and the expenses related to the Administrative Department of the headquarters, which so far had been distributed between the Office Equipment segment, the Industrial Equipment segment, and the HCR Equipment segment, are now posted in the adjustments relating to the profit/loss of the segments as overall expenses.

In connection with this change, in the results by business segment listed in pages 4 to 6, the numerical values pertaining to the past business have been created anew using the newly applied calculation method.


Quarterly Net Sales Trend and Changes Year-on-Year
Millions of yen
%
Year-on-year change (%)
-0.4
-0.1
0.6
2.5
0.4
3.0
2.8
0.7
6.5
15,764
16,598
16,874
17,730
15,830
17,094
17,353
17,859
16,856
Net sales (Millions of yen)
Q1
Q2
Q3
Q4
Q1
Q2
Q3
Q4
Q1
FY17
FY18
FY19


Quarterly Earnings Trend
Operating income
Ordinary income
Net income attributable to shareholders of parental company
Operating Margin
Millions of yen
%
9.2
9.7
9.3
9.5
8.2
9.2
8.8
9.8
9.8
1,447
1,228
1,078
1,618
1,538
1,092
1,565
2,145
1,511
1,692
1,542
1,043
1,302
1,367
1,104
1,572
1,624
1,186
1,522
1,592
1,079
1,742
1,492
1,284
1,650
1,794
1,254
Q1
Q2
Q3
Q4
Q1
Q2
Q3
Q4
Q1
FY17
FY18
FY19

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

Office Equipment Segment

(Millions of yen, %)

	Q1/ FY 2019 (Ending March 2019)	Q1/ FY 2018 (Ended March 2018)	Year-on-year Change	
			Increase (decrease)	Rate of increase (decrease)
Net Sales	5,531	5,455	+75	+1.4
Operating Income	1,224	1,263	(39)	(3.1)
Operating Margin	22.1	23.2	(1.1) points	

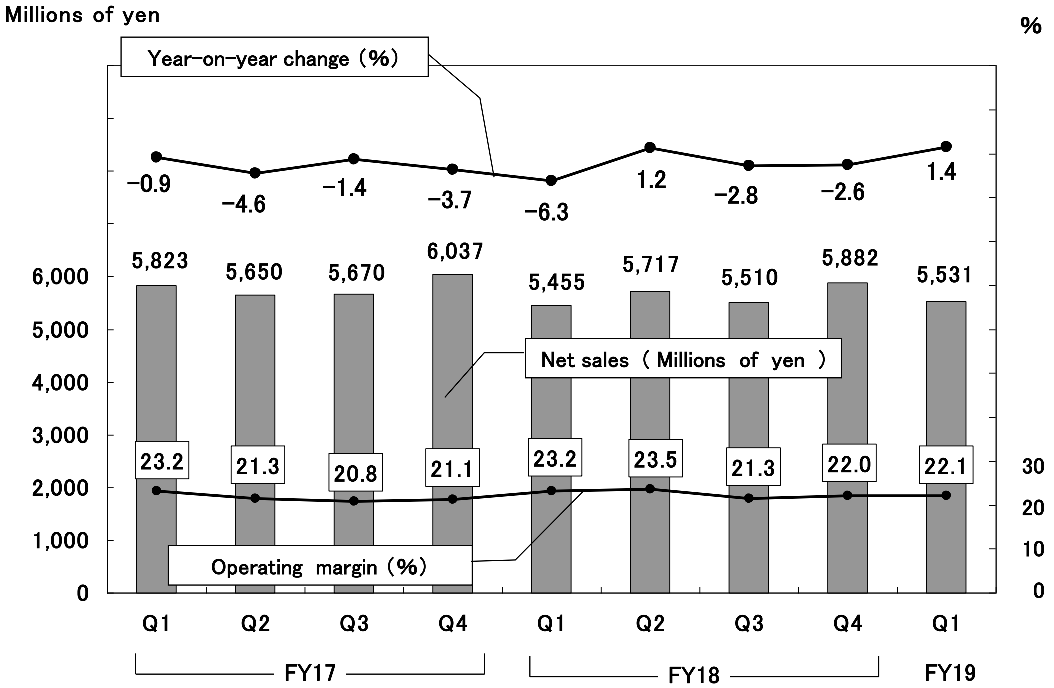
Business results for the Office Equipment segment during this first quarter were as follows: Net sales ¥5,531 million (an increase of 1.4% from the previous corresponding period), operating income ¥1,224 million (a decrease of 3.1% from the previous corresponding period), and operating margin 22.1%.

Sales of the LETATWIN tube markers for electric installation increased, resulting in the domestic office operations posting an increase of revenue.

In the overseas office operations, sales of the BEPOP label-making machines in Europe increased partly due to the low yen rates during the period under review. On the other hand, sales of the LETATWIN tube markers for electric installation decreased, resulting in the overall segment revenue remaining on the same level it was in the last fiscal year.

In the auto-stapler operations, although sales of machinery increased, due to the fact that exchange rates were in favor of the yen in sales to Asia, the overall segment revenue remained on the same level it was in the last fiscal year.

Office Equipment Segment Sales and Operating Margin Trend



Industrial Equipment Segment

(Millions of yen, %)

	Q1/ FY 2019 (Ending March 2019)	Q1/ FY 2018 (Ended March 2018)	Year-on-year Change	
			Increase (decrease)	Rate of increase (decrease)
Net Sales	10,578	9,512	+1,065	+11.2
Operating Income	1,045	608	+437	+71.8
Operating Margin	9.9	6.4	+3.5 points	

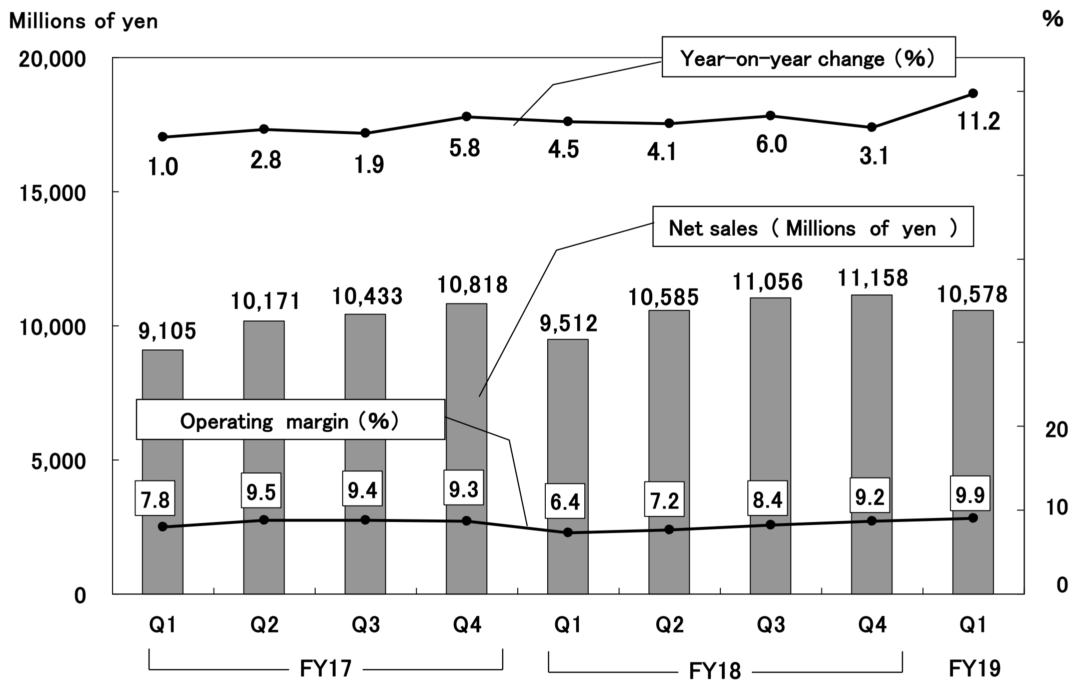
Business results for the Industrial Equipment segment during this first quarter were as follows: Net sales ¥10,578 million (an increase of 11.2% from the previous corresponding period), operating income ¥1,045 million (an increase of 71.8% from the previous corresponding period), and operating margin 9.9%.

In the domestic industrial equipment product operations, although due to a decrease in the number of new housing construction starts and some other reasons sales of tools for wooden structures decreased, sales of the TWINTIER rebar tying tool released in the previous fiscal year remained strong, and with tools for concrete structures driving the overall sales, the segment posted an increase of revenue.

In the overseas industrial equipment product operations, the Group established a system of dealerships for concrete-related materials in the Western markets, at the same time reinforcing cooperation in the existing sales channels, which resulted in acceleration of adoption of the TWINTIER rebar tying tool in the market and an increase of revenue.

In the residential environmental equipment operations, although there was an increase of sales targeting both rental housing and apartment houses of DRYFAN bathroom heaters, ventilators and dehumidifiers, which are the mainstay of the business, sales of ventilation systems decreased, and the overall segment revenue remained on the same level it was in the last fiscal year.

Industrial Equipment Segment Sales and Operating Margin Trend



HCR Equipment Segment

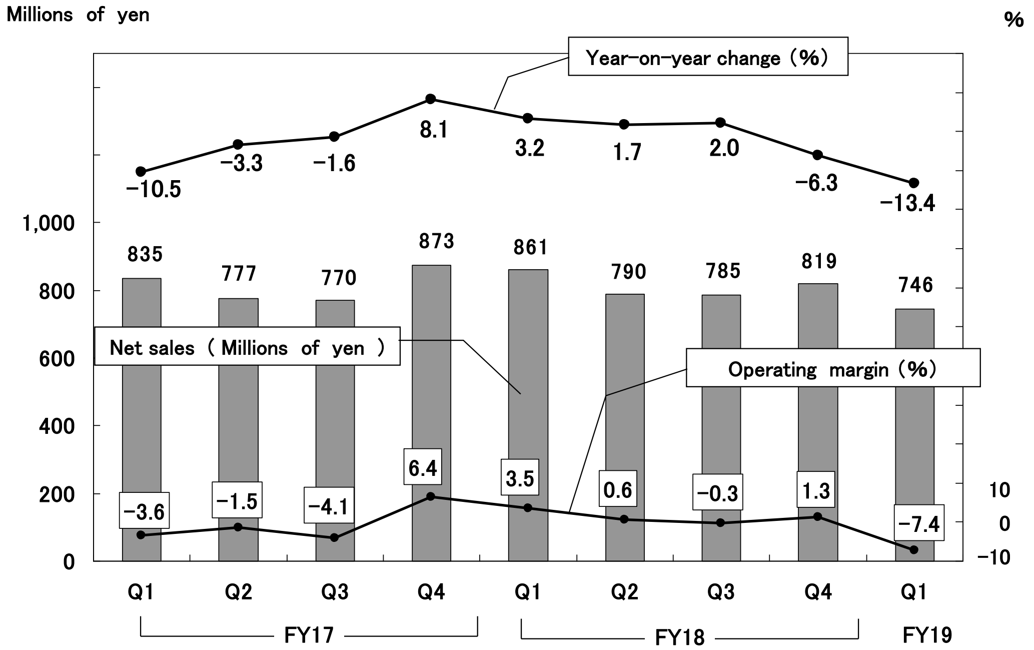
(Millions of yen, %)

	Q1/ FY 2019 (Ending March 2019)	Q1/ FY 2018 (Ended March 2018)	Year-on-year Change	
			Increase (decrease)	Rate of increase (decrease)
Net Sales	746	861	(115)	(13.4)
Operating Income	(55)	30	(86)	—
Operating Margin	(7.4)	3.5	(10.9) points	

Business results for the HCR Equipment segment during this first quarter were as follows: Net sales ¥746 million (a decrease of 13.4% from the corresponding previous period) and a negative operating income of ¥55 million.

The HCR Equipment segment under the influence of a partial revision of the public nursing care insurance experienced slow sales of wheelchairs to the welfare equipment rental dealers, resulting in a decrease of the segment revenue.

HCR Equipment Segment Sales and Operating Margin Trend



(2) Explanation Concerning Financial Position

1) Summary of Consolidated Balance Sheets

(Millions of yen, %)

	Q1/ FY 2019 (As of June 30, 2018)	FY 2018 (As of March 31, 2018)	Comparison with position at end of previous consolidated fiscal year	
			Increase (decrease)	Rate of increase (decrease)
Total Assets	94,812	96,133	(1,321)	(1.4)
Net Assets	70,850	71,574	(724)	(1.0)
Equity Ratio	74.6	74.3	+0.3 points	

Assets decreased ¥1,321 million in comparison with the position at the end of the previous consolidated fiscal year, to ¥94,812 million. Current assets decreased ¥2,496 million due to factors such as a decline of ¥2,122 million in cash and deposits and a fall of ¥784 million in notes and accounts receivable-trade. Non-current assets increased ¥1,174 million due to factors such as a rise of ¥873 million in investment securities and an increase of ¥425 million in property, plant and equipment.

Liabilities decreased ¥597 million in comparison with the position at the end of the previous consolidated fiscal year, to ¥23,962 million. Current liabilities decreased ¥501 million due to factors such as a drop of ¥1,017 million in provision for bonuses. Non-current liabilities also decreased ¥95 million, as net defined benefit liability decreased ¥96 million.

Net assets decreased ¥724 million in comparison with the position at the end of the previous consolidated fiscal year, to ¥70,850 million. Despite having reached a net income attributable to shareholders of parental company of ¥1,254 million, shareholders' equity decreased ¥814 million due to a ¥2,069 million payment of cash dividends.

Accumulated other comprehensive income rose ¥91 million as resulted from a rise of ¥149 million in remeasurements of defined benefit plans.

2) Analysis of Consolidated Cash Flow

The balance of cash and cash equivalents ("funds") during the consolidated cumulative period under review was ¥21,600 million due to a decrease of ¥2,122 million in cash and cash equivalents.

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 cumulative period under review amounted to ¥1,590 million. The key increases came from net income before income taxes of ¥1,792 million and a decrease of ¥776 million in notes and accounts receivable-trade. The key decrease came from a decrease of ¥1,016 million in provision for bonuses.

Cash flows from investment activities

Funds used in investment activities in the consolidated cumulative period under review were ¥1,786 million. The key increase came from proceeds of ¥1,800 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 ¥2,737 million and purchase of property, plant and equipment of ¥862 million.

Cash flows from financing activities

Funds used in financing activities in the consolidated cumulative period under review were ¥1,903 million. The key decrease was ¥1,845 million in cash dividends paid.

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

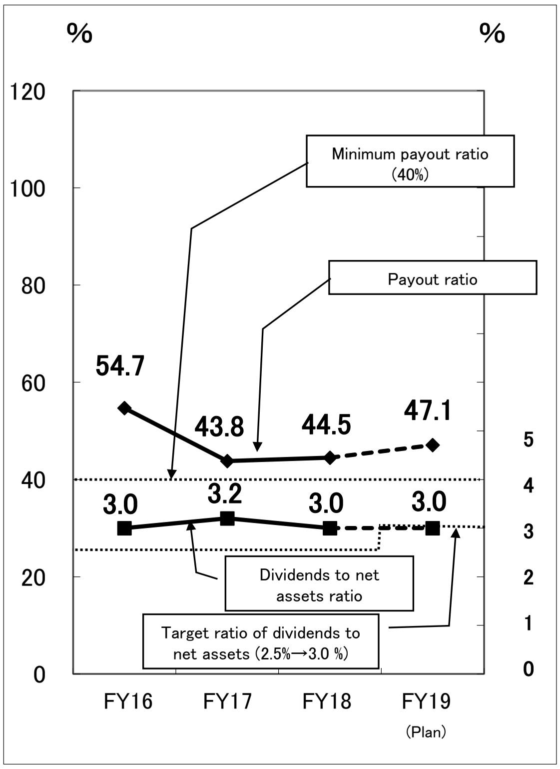
This time, there will be no changes to the forecast of consolidated operating results announced on April 27, 2018 regarding the first half or the full fiscal year.

Dividends

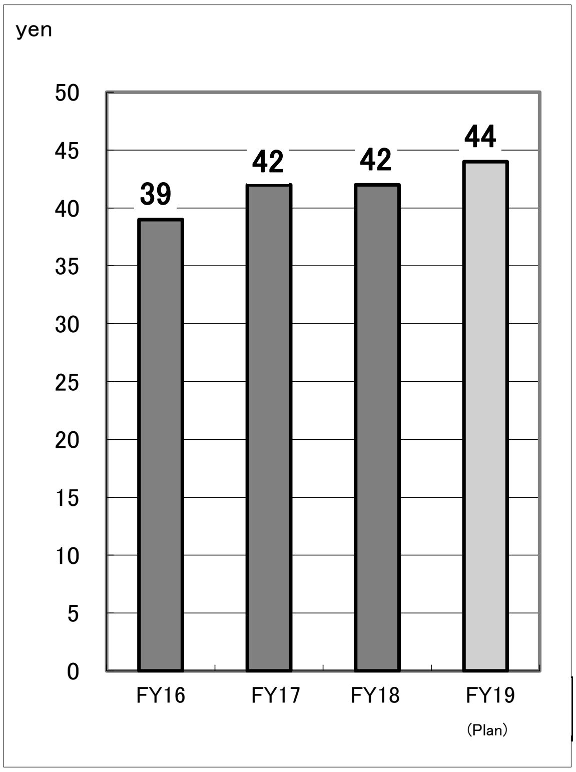
During the period under review, we made partial changes to the dividend policy increasing the target rate of dividends to net assets by 0.5%. The new dividend policy based on consolidated financial statement now reads "maintaining a minimum of 40% payout ratio and targeting rate of dividends to net assets of 3.0%".

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, we plan to increase the annual dividend by ¥2 from the previous fiscal year making the "annual dividend payment of ¥44 per share".

Payout ratio and dividends to net assets ratio



Dividends per share



2. Quarterly Consolidated Financial Statements and Main Notes

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	FY 2018 (As of March 31, 2018)	Cumulative Q1 in FY 2019 (As of June 30, 2018)
ASSETS		
Current assets		
Cash and deposits	23,722	21,600
Notes and accounts receivable-trade	14,855	14,071
Marketable securities	5,925	6,028
Merchandise and finished goods	5,280	5,524
Work in process	812	868
Raw materials	1,189	1,218
Other	1,017	994
Allowance for doubtful accounts	(1)	(1)
Total current assets	52,801	50,305
Non-current assets		
Property, plant and equipment	18,097	18,523
Intangible assets	403	348
Investments and other assets		
Investment securities	20,100	20,974
Other	4,736	4,666
Allowance for doubtful accounts	(5)	(5)
Total investments and other assets	24,831	25,635
Total non-current assets	43,332	44,507
Total assets	96,133	94,812
LIABILITIES		
Current liabilities		
Accounts payable-trade	3,710	3,815
Short-term loans payable	1,850	1,850
Income taxes payable	940	572
Provision for bonuses	1,770	753
Provision for directors’ bonuses	42	9
Other	3,610	4,421
Total current liabilities	11,924	11,422
Non-current liabilities		
Long-term loans payable	150	150
Provision for product warranties	43	37
Net defined benefit liability	11,437	11,340
Asset retirement obligations	18	29
Negative goodwill	7	5
Other	978	976
Total non-current liabilities	12,635	12,540
Total liabilities	24,559	23,962

(Millions of yen)

	FY 2018 (As of March 31, 2018)	Cumulative Q1 in FY 2019 (As of June 30, 2018)
NET ASSETS		
Shareholders' equity		
Capital stock	12,367	12,367
Capital surplus	10,518	10,518
Retained earnings	49,029	48,214
Treasury stock	(278)	(278)
Total shareholders' equity	71,636	70,822
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,947	1,980
Revaluation reserve for land	(338)	(338)
Foreign currency translation adjustment	59	(31)
Remeasurements of defined benefit plans	(1,837)	(1,687)
Total accumulated other comprehensive income	(169)	(77)
Non-controlling interests	106	105
Total net assets	71,574	70,850
Total liabilities and net assets	96,133	94,812

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

(Quarterly Consolidated Statement of Income)

(Millions of yen)

	Cumulative Q1 in FY 2018 (From April 1, 2017 to June 30, 2017)	Cumulative Q1 in FY 2019 (From April 1, 2018 to June 30, 2018)
Net sales	15,830	16,856
Cost of sales	9,593	10,281
Gross profit	6,237	6,574
Selling, general and administrative expenses		
Salaries	1,406	1,433
Provision for bonuses	443	455
Provision for directors' bonuses	11	9
Retirement benefit expenses	417	274
Packing and delivery expenses	507	553
Promotion expenses	288	286
Depreciation	154	155
Other	1,706	1,754
Total selling, general and administrative expenses	4,935	4,924
Operating income	1,302	1,650
Non-operating income		
Interest income	17	14
Dividend income	66	66
Amortization of negative goodwill	1	1
Foreign exchange gains	—	59
Other	20	23
Total non-operating income	105	165
Non-operating expenses		
Interest expenses	9	9
Taxes and dues	1	1
Foreign exchange losses	24	—
Other	4	10
Total non-operating expenses	40	21
Ordinary income	1,367	1,794
Extraordinary loss		
Loss on abandonment of non-current assets	1	2
Total extraordinary loss	1	2
Net income before income taxes	1,365	1,792
Income taxes	367	537
Income taxes for prior periods	(106)	—
Net income	1,104	1,254
Net income (loss) attributable to non-controlling interests	0	(0)
Net income attributable to shareholders of parental company	1,104	1,254

(Quarterly Consolidated Statement of Comprehensive Income)

(Millions of yen)

	Cumulative Q1 in FY 2018 (From April 1, 2017 to June 30, 2017)	Cumulative Q1 in FY 2019 (From April 1, 2018 to June 30, 2018)
Net income	1,104	1,254
Other comprehensive income		
Valuation difference on available-for-sale securities	301	33
Foreign currency translation adjustment	107	(92)
Adjustments relating to retirement benefits	263	149
Total other comprehensive income	672	91
Comprehensive income	1,777	1,345
(Breakdown)		
Comprehensive income attributable to shareholders of parental company	1,774	1,346
Comprehensive income attributable to non-controlling interests	3	(0)

(3) Quarterly Consolidated Statement of Cash Flows

(Millions of yen)

	Cumulative Q1 in FY 2018 (From April 1, 2017 to June 30, 2017)	Cumulative Q1 in FY 2019 (From April 1, 2018 to June 30, 2018)
Cash flows from operating activities		
Net income before income taxes	1,365	1,792
Depreciation	523	540
Amortization of goodwill	33	35
Amortization of negative goodwill	(1)	(1)
Increase (decrease) in allowance for doubtful accounts	(0)	(0)
Increase (decrease) in provision for bonuses	(999)	(1,016)
Increase (decrease) in provision for directors' bonuses	(43)	(32)
Increase (decrease) in provision for product warranties	(1)	(5)
Increase (decrease) in net defined benefit liability	296	118
Interest and dividend income	(83)	(80)
Interest expenses	9	9
Foreign exchange losses (gains)	1	16
Loss on abandonment of non-current assets	1	2
Decrease (increase) in notes and accounts receivable-trade	1,076	776
Decrease (increase) in inventories	(571)	(306)
Increase (decrease) in notes and accounts payable-trade	186	69
Increase (decrease) in accrued consumption taxes	(146)	(1)
Decrease (increase) in other assets	(394)	16
Increase (decrease) in other liabilities	(121)	437
Subtotal	1,131	2,369
Interest and dividend income received	104	107
Interest expenses paid	(9)	(9)
Income taxes (paid) refund	(984)	(877)
Cash flows from operating activities	241	1,590
Cash flows from investment activities		
Purchase of short-term and long-term investment securities	(1,117)	(2,737)
Proceeds from sales and redemption of short-term and long-term investment securities	700	1,800
Purchase of property, plant and equipment	(577)	(862)
Purchase of intangible assets	(36)	(9)
Payments of loans receivable	(0)	(0)
Collection of loans receivable	25	23
Cash flows from investment activities	(1,007)	(1,786)

(Millions of yen)

	Cumulative Q1 in FY 2018 (From April 1, 2017 to June 30, 2017)	Cumulative Q1 in FY 2019 (From April 1, 2018 to June 30, 2018)
Cash flows from financing activities		
Purchase of treasury shares	(4)	(0)
Cash dividends paid	(1,843)	(1,845)
Cash dividends paid to non-controlling shareholders	(1)	(0)
Repayments of lease obligations	(56)	(57)
Cash flows from financing activities	(1,904)	(1,903)
Effect of exchange rate change on cash and cash equivalents	68	(22)
Net increase (decrease) in cash and cash equivalents	(2,602)	(2,122)
Balance of cash and cash equivalents, beginning of the period	21,965	23,722
Quarterly balance of cash and cash equivalents at the end of the period	19,362	21,600

(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.

(Changes in Material Subsidiaries During the Consolidated Cumulative Period Under Review)

None.

(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 first quarter under review by the effective tax rate that was reasonably estimated by applying tax effect accounting to estimated income before income taxes.

(Additional Information)

Adoption of "Partial Amendments to 'Accounting Standard for Tax Effect Accounting'", etc.

From the beginning of the first quarter under review, the Group has adopted the "Partial Amendments to 'Accounting Standard for Tax Effect Accounting'" (Guidance No. 28 issued on February 16, 2018 by the Accounting Standards Board of Japan), displaying deferred tax assets in the investments and other assets, and deferred tax liabilities in the non-current liabilities.

(Segment Information)

Cumulative Q1 of FY 2018 (From April 1, 2017 to June 30, 2017)

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

(Millions of yen)

	Reported segments			Adjustments	Total
	Office Equipment	Industrial Equipment	HCR Equipment		
Net sales					
Net sales to outside customers	5,455	9,512	861	—	15,830
Inter-segment sales or transfers	—	—	—	—	—
Total	5,455	9,512	861	—	15,830
Segment profit	1,263	608	30	(600)	1,302

(Note) Segment profit 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 Q1 of FY 2019 (From April 1, 2018 to June 30, 2018)

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

(Millions of yen)

	Reported segments			Adjustments	Total
	Office Equipment	Industrial Equipment	HCR Equipment		
Net sales					
Net sales to outside customers	5,531	10,578	746	—	16,856
Inter-segment sales or transfers	—	—	—	—	—
Total	5,531	10,578	746	—	16,856
Segment profit (loss)	1,224	1,045	(55)	(563)	1,650

(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.

3) Items regarding changes, etc. in reported segments

From the first quarter under review, the calculation method for income of reported segments has been changed, and the expenses related to the Administrative Department of the headquarters, which so far had been distributed between the Office Equipment segment, the Industrial Equipment segment, and the HCR Equipment segment are now posted in the adjustments relating to the profit/loss of the segment as overall expenses.

The reason for it is that from the first quarter under review, the Group switched to a new performance management method, whereby segments are managed according to the pure profits or losses they post excluding the expenses related to the Administrative Department of the headquarters.

The information by segment for the cumulative first quarter of the previous fiscal year has been created anew using the new classification.