

Consolidated Financial Statements for the Second Quarter Ended September 30, 2015

October 26, 2015

Registered Company Name: Hitachi Kokusai Electric Inc.

Stock Listings: Tokyo

Code No: 6756

URL: <http://www.hitachi-kokusai.co.jp/global/>

Representative: Manabu Shinomoto, President, CEO and Director

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Scheduled date of filing of quarterly report: November 13, 2015

Planned Start Date for Dividend Payments: December 1, 2015

Preparation of supplementary material for financial results: Yes

Holding of financial results meeting: Yes (for analysts and institutional investors)

(All figures are rounded off to the nearest million yen)

1. Consolidated Financial Results (For the six months ended September 30, 2015)

(1) Consolidated Results of Operations

(Percentages indicate percentage increase or decrease year-on-year)

	Revenues		Operating Income		Income before income taxes		Net Income		Net income attributable to owners of the parent		Comprehensive income	
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%
2Q of FY 2015	90,940	23.0	10,127	94.0	10,446	95.7	7,685	81.9	7,712	84.4	6,236	9.9
2Q of FY 2014	73,963	—	5,220	—	5,339	—	4,224	—	4,182	—	5,675	—

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
2Q of FY2015	75.08	—
2Q of FY2014	40.70	—

(Note) Share of profits of investments accounted for using the equity method

2Q of FY2015

0 Million Yen

2Q of FY2014

7 Million Yen

(2) Consolidated Financial Position

	Total Assets	Total Equity	Equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent to total assets	Equity attributable to owners of the parent per share
	Million Yen	Million Yen	Million Yen	%	Yen
2Q of FY2015	175,145	98,014	97,956	55.9	953.66
FY2014	189,283	95,022	94,885	50.1	923.64

2. Dividends

	Dividend per Share				
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total
	Yen	Yen	Yen	Yen	Yen
FY2014	—	6.00	—	30.00	36.00
FY2015	—	14.00	—	—	—
FY2015 (Forecast)	—	—	—	26.00	40.00

(Note) Revision of the latest dividend forecast: Yes

3. Consolidated Financial Forecast for FY2015 (From April 1, 2015 to March 31, 2016)

(Percentages indicate percentage increase or decrease year-on-year)

	Revenues		Operating Income		Income before income taxes		Net Income		Net income attributable to owners of the parent		Basic earnings per share
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%	Yen
FY2015	184,000	(0.6)	19,500	(1.7)	19,500	(1.5)	15,500	(11.6)	15,500	(11.3)	150.90

(Note) Revision of the latest dividend forecast: No

Notes

(1) Changes to significant subsidiaries during the term (changes in specified subsidiaries due to changes in scope) : No

(2) Changes in accounting policies and accounting estimates

[1] Changes in accounting policies requested by IFRS : No

[2] Changes other than [1] above : No

[3] Changes in accounting estimates : No

(3) Number of shares issued (common stock)

[1] Number of shares at end of period (Including treasury stock)

2Q of FY2015	105,221,259 shares	FY2014	105,221,259 shares
2Q of FY2015	2,505,713 shares	FY2014	2,492,047 shares
2Q of FY2015	102,720,794 shares	2Q of FY2014	102,748,771 shares

[2] Number of treasury stock at end of period

[3] Average number of shares during the period (Quarterly Cumulative Total)

(Notes)

Information regarding the implementation of review procedure

This quarterly financial report is exempt from the review procedure based upon the Financial Instruments and Exchange Act. It is under the review procedure process at the time of disclosure of this report.

Explanation on the appropriate use of financial forecasts and other important items

The forecasts figures are based on information currently available to the Company and certain assumptions deemed to be reasonable. This material does not represent promises or guarantees regarding the forecasts and due to various factors, actual results may vary significantly from these forecasts.

HITACHI KOKUSAI ELECTRIC INC.

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statements of Financial Position (Unaudited)
September 30, 2015 and March 31, 2015

	Millions of Yen	
	FY2014	2Q of FY2015
Assets		
Current assets		
Cash and cash equivalents	46,870	50,280
Trade and other receivables	59,226	44,937
Other financial assets	2,153	23
Inventories	39,849	39,323
Other current assets	3,529	2,868
Total current assets	151,627	137,431
Non-current assets		
Property, plant and equipment	21,743	21,616
Intangible assets	1,761	2,288
Investments accounted for using the equity method	207	—
Other financial assets	9,895	9,729
Deferred tax assets	2,860	2,898
Other non-current assets	1,190	1,183
Total non-current assets	37,656	37,714
Total assets	189,283	175,145

Millions of Yen

	FY2014	2Q of FY2015
Liabilities		
Current liabilities		
Short-term debt	3,031	638
Trade and other payables	46,089	33,551
Accrued expenses	13,030	11,119
Other financial liabilities	314	315
Income tax payable	1,187	2,143
Advances received	10,196	9,182
Provisions	1,829	1,863
Other current liabilities	45	35
Total current liabilities	<u>75,721</u>	<u>58,846</u>
Non-current liabilities		
Long-term debt	92	61
Retirement and severance benefits	17,998	17,858
Provisions	126	126
Other non-current liabilities	324	240
Total non-current liabilities	<u>18,540</u>	<u>18,285</u>
Total liabilities	<u>94,261</u>	<u>77,131</u>
Equity		
Equity attributable to owners of the parent		
Common stock	10,058	10,058
Capital surplus	17,661	17,552
Retained earnings	59,609	64,239
Other components of equity	10,257	8,830
Treasury stock, at cost	(2,700)	(2,723)
Total equity attributable to owners of the parent	<u>94,885</u>	<u>97,956</u>
Non-controlling interests	<u>137</u>	<u>58</u>
Total equity	<u>95,022</u>	<u>98,014</u>
Total liabilities and equity	<u>189,283</u>	<u>175,145</u>

HITACHI KOKUSAI ELECTRIC INC.

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statements of Profit or Loss (Unaudited)
Years ended September 30, 2015 and 2014

	Millions of Yen	
	2Q of FY2014	2Q of FY2015
Revenues	73,963	90,940
Cost of sales	(52,073)	(62,903)
Gross profit	21,890	28,037
Selling, general and administrative expenses	(15,939)	(17,972)
Other income	95	198
Other expenses	(826)	(136)
Operating income	5,220	10,127
Financial income	192	367
Financial expenses	(80)	(48)
Share of loss of investments accounted for using the equity method	7	0
Income before income taxes	5,339	10,446
Income taxes	(1,115)	(2,761)
Net income	4,224	7,685
Net income attributable to:		
Owners of the parent	4,182	7,712
Non-controlling interests	42	Δ27

	Yen	
	2Q of FY2014	2Q of FY2015
Earnings per share attributable to owners of the parent		
Basic	40.70	75.08
Diluted	—	—

Consolidated Statements of Comprehensive Income
Years ended September 30, 2015 and 2014

	Millions of Yen	
	2Q of FY2014	2Q of FY2015
Net income	4,224	7,685
Other comprehensive income (OCI)		
Items not to be reclassified into net income		
Net changes in financial assets measured at fair value through OCI	180	21
Total items not to be reclassified into net income	180	21
Items that can be reclassified into net income		
Foreign currency translation adjustments	1,267	(1,470)
Share of OCI of investments accounted for using the equity method	4	0
Total items that can be reclassified into net income	1,271	(1,470)
Other comprehensive income (OCI)	1,451	(1,449)
Comprehensive income	5,675	6,236
Comprehensive income attributable to:		
Owners of the parent	5,325	6,262
Non-controlling interest	350	(26)

Supplementary information for the Second quarter ended September 30, 2015 [IFRS] (Consolidated basis)

1. Summary

(Millions of yen)

	Fiscal 2014			Fiscal 2015											
	1st half (A)	2nd half (B)	Total (C)	1st half				2nd half				Total			
				Previous Forecast (D)	Results (E)	(E)/(D) %	(E)/(A) %	Previous Forecast (F)	Revised Forecast (G)	(G)/(F) %	(G)/(B) %	Previous Forecast (H)	Revised Forecast (I)	(I)/(H) %	(I)/(C) %
Orders received	79,071	111,335	190,406	88,500	93,344	105	118	95,500	90,656	95	81	184,000	184,000	100	97
Revenues	73,963	111,218	185,181	89,000	90,940	102	123	95,000	93,060	98	84	184,000	184,000	100	99
Operating income	5,220	14,609	19,829	7,800	10,127	130	194	11,700	9,373	80	64	19,500	19,500	100	98
Income before income taxes	5,339	14,466	19,805	8,000	10,446	131	196	11,500	9,054	79	63	19,500	19,500	100	98
Net income attributable to owners of the parent	4,182	13,289	[14,712] 17,471	5,800	7,712	133	184	9,700	7,788	80	59	15,500	15,500	100	89

(Note) Amount in Japanese GAAP (Generally Accepted Accounting Principles) for the FY2014 is shown in [].

2. Reportable segment

(Millions of yen)

	Fiscal 2014			Fiscal 2015											
	1st half (A)	2nd half (B)	Total (C)	1st half				2nd half				Total			
				Previous Forecast (D)	Results (E)	(E)/(D) %	(E)/(A) %	Previous Forecast (F)	Revised Forecast (G)	(G)/(F) %	(G)/(B) %	Previous Forecast (H)	Revised Forecast (I)	(I)/(H) %	(I)/(C) %
Video and wireless network															
Orders received	48,090	52,535	100,625	48,000	49,996	104	104	55,000	53,004	96	101	103,000	103,000	100	102
Revenues	36,390	59,923	96,313	36,500	37,320	102	103	63,500	62,680	99	105	100,000	100,000	100	104
Operating income (loss)	(1,138)	6,372	5,234	(1,000)	(868)	—	—	8,000	7,868	98	123	7,000	7,000	100	134
Eco- and thin film processing															
Orders received	30,588	58,327	88,915	40,000	42,835	107	140	40,000	37,165	93	64	80,000	80,000	100	90
Revenues	37,230	50,795	88,025	52,000	53,194	102	143	31,000	29,806	96	59	83,000	83,000	100	94
Operating income	6,806	9,454	16,260	9,000	11,143	124	164	4,000	1,857	46	20	13,000	13,000	100	80
Eliminations/Corporate															
Orders received	393	473	866	500	513	103	131	500	487	97	103	1,000	1,000	100	115
Revenues	343	500	843	500	426	85	124	500	574	115	115	1,000	1,000	100	119
Operating income (loss)	(448)	(1,217)	(1,665)	(200)	(148)	—	—	(300)	(352)	—	—	(500)	(500)	—	—
Total															
Orders received	79,071	111,335	190,406	88,500	93,344	105	118	95,500	90,656	95	81	184,000	184,000	100	97
Revenues	73,963	111,218	185,181	89,000	90,940	102	123	95,000	93,060	98	84	184,000	184,000	100	99
Operating income	5,220	14,609	19,829	7,800	10,127	130	194	11,700	9,373	80	64	19,500	19,500	100	98

(Note) Previous Forecast: Announced on July 29, 2015

3. Overseas revenues

(Millions of yen)

	Fiscal 2014			Fiscal 2015					
	1st half (A)	2nd half (B)	Total (C)	1st half (D)	(D)/(A) %	(Forecast)			
						2nd half (E)	(E)/(B) %	Total (F)	(F)/(C) %
Overseas revenues	36,619	51,488	88,107	52,630	144	34,570	67	87,200	99
Overseas revenues ratio(%)	49.5	46.3	47.6	57.9	—	37.1	—	47.4	—
North America	8,700	7,573	16,273	7,745	89	5,955	79	13,700	84
Europe	3,316	4,519	7,835	5,848	176	1,452	32	7,300	93
Asia	23,434	37,824	61,258	38,011	162	24,789	66	62,800	103
Other	1,169	1,572	2,741	1,026	88	2,374	151	3,400	124

4. Capital investment, Depreciation and amortization, R&D expenditure

(Millions of yen)

	Fiscal 2014			Fiscal 2015					
	1st half (A)	2nd half (B)	Total (C)	1st half (D)	(D)/(A) %	(Forecast)			
						2nd half (E)	(E)/(B) %	Total (F)	(F)/(C) %
Capital investment	1,452	1,754	3,206	1,689	116	3,511	200	5,200	162
Depreciation and amortization	1,640	1,763	3,403	1,671	102	2,009	114	3,680	108
R&D expenditure	4,768	5,141	9,909	5,450	114	7,250	141	12,700	128