We will steadily promote reform of our earning structure and production system towards future astounding progress.

We have begun the first year of our medium-term management plan, “NEXT 100: Beyond 100 years, Ver. 2.” This two-year period will be an important time for us to achieve future drastic growth. I will hereby report on the business conditions during the first half of the current fiscal year and explain our initiatives for the future.

With regard to our overall results, although we achieved an increase in orders received compared with the corresponding period of the previous fiscal year, net sales and profit fell below those of the corresponding period of the previous fiscal year mainly due to the declining profitability of the Industrial Systems segment in the first quarter. However, ordinary income, mainly due to the declining profitability of the Industrial Systems segment, improved significantly due mainly to orders for 50 ticket vending machine capable of issuing a variety of tickets. Bureau of the City of Yokohama. This machine is a composite commuter pass vending machines from the Transportation Systems segment.

In the Information Equipment Systems segment, orders received increased significantly due mainly to orders for SO computer pass vending machines from the Transportation Bureau of the City of Yokohama. This machine is a composite ticket vending machine capable of issuing a variety of tickets. Furthermore, net sales in the first half of the fiscal year greatly exceeded our target figures, partly owing to orders received in the previous fiscal year and maintenance.

In the Transportation Systems segment, although overseas there was a delay in orders for electrical equipment for the high-speed railways in China at the beginning of the current fiscal year, thanks to strong growth in demand from private high-speed railroads in China at the beginning of the current fiscal year, net sales remained the same as the corresponding period of the previous fiscal year and segment profit was the same as the corresponding period of the previous fiscal year. In the Industrial Systems segment, more man-hours were required than anticipated in order to realize high performance of testing equipment for automobile development and to introduce a new testing equipment for automobile components, thereby resulting in deterioration of profitability during the first quarter of the current fiscal year. As a result, net sales and profits inevitably posted a significant decrease, despite increased orders both for printing presses thanks to demand ahead of the Olympic Games and for processing machinery in Southeast Asia.

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How are the initiatives based on the medium-term management plan progressing?

We have extended the medium-term management plan “NEXT 100” by one year and as Ver. 2 of the plan covering the two-year period from fiscal 2016 to fiscal 2017, are working on reforms with an emphasis on “building a stable business earnings structure” and “restructuring production systems.” One of the pillars of the reforms is the integration of production in the Industrial Systems segment with the construction of a new factory in Ryuhji, Shiga Prefecture. Implementation of the launch plan is progressing, and we are moving forward with the plan to start operations in spring 2018. We will not only integrate and reinforce the production functions of the Industrial Systems segment that are currently located separately in Yokohama and Shiga but will also create a new production system by enhancing the functions of the factory as an advanced environmental model factory that installs an automated warehouse system linked to production plans, highly efficient air conditioning using high-insulation materials and LED lighting equipment.

Furthermore, as the basis for companywide reforms, we are progressing with the introduction of a new core system that will integrate our information management system from sales to production, and plan to start full-scale operations from fiscal 2017. As a result, we will improve business efficiency, reduce costs and accelerate management decision-making, which will lead to increase our organizational capabilities.

Please tell us about the business conditions for the first half of the current fiscal year.

The outlook for the second half of the current fiscal year is as follows:

Please tell us about the outlook for the second half of the current fiscal year, as well as any comments you would like to make to the shareholders.

This system, fuel cell operation data is collected, stored in clouds and linked to communication systems, and analyzed. The system is used to optimize maintenance services and improve merchantability, and is also useful in monitoring and verifying the amount of hydrogen used by the fuel cell lift trucks and the effect of CO2-reduction.

In the Industrial Systems segment during the first half, we are currently experiencing an improvement as we move forward with a companywide response spurred by a sense of crisis. Under a favorable order environment, the order backlog at the end of the second quarter of the current fiscal year has surpassed the figure of ¥31,100 million at the end of the previous fiscal year to reach ¥33,400 million. Based on these circumstances, we aim to achieve a recovery in the second half and reach our initial full-year forecasts by steadily progressing with the initiatives in line with our medium-term management plan.

With regards to our current management structure, corporate governance is strengthened effectively by adding two Outside Directors. As a result, the Board of Directors has revitalized, and opportunities for discussion have been broadened to incorporate opinions from outside the Company. We will continue in our efforts to establish a solid management foundation as a global manufacturer and enhance our corporate value.

We hope that our shareholders will watch for the growth and expansion of the Company’s business from a long-term perspective, and we would like to ask for their continued support.