

Sumitomo Heavy Industries, Ltd.

CONSOLIDATED FINANCIAL REPORT

For the Six-Month Period from April 1 to September 30, 2021

All financial information has been prepared in accordance with generally accepted accounting principles in Japan. This document has been translated from the Japanese original as a guide to non-Japanese investors, and contains forward-looking statements that are based on management's estimates, assumptions, and projections at the time of publication. A number of factors could cause actual results to differ materially from expectations. Amounts shown in this financial statement have been rounded to the nearest million yen.

Summary of Consolidated Financial Results
For the Six-Month Period from April 1 to September 30, 2021
 Presented October 29, 2021

Sumitomo Heavy Industries, Ltd.

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Scheduled date for submitting quarterly report	November 9, 2021
Scheduled date of payment of cash dividends	December 1, 2021
Availability of supplementary explanations for quarterly financial statement	Yes
Holding of meeting to explain quarterly financial statement	Yes (For institutional investors, analysts and the media)

1. FY2021 Second Quarter Consolidated Results (April 1 to September 30)

(1) Business Results

(Units: millions of yen)

	Second Quarter April 1 to September 30, 2021		Second Quarter April 1 to September 30, 2020	
		% change		% change
Net sales	446,037	13.9	391,701	(7.8)
Operating profit	27,464	29.8	21,163	(22.2)
Ordinary profit	27,230	42.4	19,128	(25.9)
Profit attributable to owners of parent	17,713	63.0	10,866	(33.9)
Profit attributable to owners of parent ratio (yen)	144.59		88.69	
Fully diluted profit attributable to owners of parent ratio	—		—	

Note: Comprehensive income:

Fiscal quarter ended September 30, 2021: 33,889 million yen, (432.3%)

Fiscal quarter ended September 30, 2020: 6,367 million yen, ((49.6)%)

(2) Financial Position

(Units: millions of yen)

	End of Second Quarter As of September 30, 2021	End of Previous Full Year March 31, 2021
Total assets	1,044,996	1,030,684
Total net assets	531,116	504,928
Equity ratio (%)	49.5	47.6

Reference: Equity:

Fiscal quarter ended September 30, 2021: 516,758 million yen
Fiscal year ended March 31, 2021: 490,697 million yen

2. Dividends

(Unit: yen)

	Year Ended March 31, 2021	Year Ending March 31, 2022	Year Ending March 31, 2022 (forecast)
Annual dividends per share			
First quarter	—	—	
Second quarter	9.00	35.00	
Third quarter	—		—
End of term	56.00		55.00
Annual dividends	65.00		90.00

Note: Changes from the most recent dividend forecast: Yes

3. FY2022 Consolidated Forecasts (April 1, 2021, to March 31, 2022)

(Units: millions of yen)

	Full Year April 1, 2021 to March 31, 2022	
		% change
Net sales	950,000	11.9
Operating profit	60,000	16.9
Ordinary profit	57,000	15.0
Profit attributable to owners of parent	34,000	27.0
Profit attributable to owners of parent ratio (yen)		277.54

Note: Changes from the most recent earnings forecast: Yes

Additional Notes

- (1) Transfers of important subsidiaries during the three months ended September 30, 2020: None
 (moves of specific subsidiaries due to change in scope of consolidation)
- Newly consolidated: —
 Excluded from consolidation: —
- (2) Special accounting measures applied in the quarterly consolidated financial report: Applicable
- (3) Changes to accounting policies, changes to accounting estimates, and retrospective restatements
- (i) Changes to accounting policies due to revisions to accounting standards: Yes
 (ii) Changes to accounting policies not otherwise stated in (i): None
 (iii) Changes to accounting estimates: None
 (iv) Retrospective restatements: None
- (4) Number of shares issued (share capital)
- (i) Number of shares issued at end of fiscal period (including treasury shares):
- | | |
|--------------------------|--------------------|
| As of September 30, 2021 | 122,905,481 shares |
| As of March 31, 2021 | 122,905,481 shares |
- (ii) Number of treasury shares at end of fiscal period:
- | | |
|--------------------------|----------------|
| As of September 30, 2021 | 402,242 shares |
| As of March 31, 2021 | 397,425 shares |
- (iii) Average number of shares during fiscal period (cumulative quarterly period):
- | | |
|--------------------------|--------------------|
| As of September 30, 2021 | 122,505,571 shares |
| As of September 30, 2020 | 122,513,993 shares |

* The Quarterly Summary of Financial Results is not subject to the Quarterly Review by a Certified Public Accountant or an Independent Auditor

Explanations and Other Special Items regarding the Pertinent Reasons for the Earnings Forecast

Earnings forecasts and outlooks concerning future financial results are believed to be reasonable based on information available at the time of publication. Actual financial results may vary from the above forecast and outlook due to a variety of factors. For information on the assumptions that form the basis of the earnings forecast and items to note concerning the use of earnings forecasts, please refer to the *Explanation of the Consolidated Earnings Forecast and Other Forward-Looking Estimates* in the *Supplementary Materials* section beginning on page 10.

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I. Qualitative Information regarding Current Quarterly Consolidated Business Performance

1. Explanation of Business Performance

As for the business environment surrounding the Group during the second quarter of the current consolidated fiscal year under review, there were signs of recovery in capital investments mainly in the manufacturing sector in Japan, although the impact of the spread of COVID-19 infections still remained. Turning to overseas regions, recovery of capital investments was seen due to an economic upturn in Europe, the US, China, etc. These factors resulted in a global uptick in demand for machinery. On the other hand, in some regions and sectors that were still affected by the spread of COVID-19 infections, the pace of recovery was slow, indicating a polarized gap in the global economy. Also, uncertainty over the global economy remained mainly due to higher prices of raw materials and procured products, strains in their supply-demand conditions, escalation of trade disputes between the US and China, ongoing geopolitical risks, fluctuations in oil prices and their slump in addition to the aforementioned factors.

In this business environment, the Group formulated the “Medium-Term Management Plan 2023,” aimed to increase corporate value in a sustainable manner by solving social issues through products and services, and moved forward with measures, such as constructing a robust entity, making changes for improvement of corporate value, expanding contribution to SDGs and strengthening initiatives for reducing environmental burdens.

As a result, the Group’s orders and net sales amounted to JPY489.5 billion and JPY446.0 billion, respectively. In terms of profitability, the Group posted operating profit of JPY27.5 billion and ordinary profit of JPY27.2 billion and quarterly profit attributable to owners of parent came to JPY17.7 billion.

The situation by segment is described below.

Note that, taking into consideration the policy set forth in the “Medium-Term Management Plan 2023,” we have decided to make changes in reporting segments starting from the fiscal year ending March 31, 2022. As a result, the reporting segments of the Group were changed from “Machinery Components,” “Precision Machinery,” “Construction Machinery,” “Industrial Machinery,” “Ships” and “Environmental Facilities & Plants” to “Mechatronics,” “Industrial Machinery,” “Logistics & Construction” and “Energy & Lifelines.” Also, figures for the second quarter of the previous consolidated fiscal year (the same period of the previous year) were reclassified into each new segment category.

Conditions in each business segment of the Group were as follows:

(i) Mechatronics

Orders, sales and operating profit all increased due to a rise in demand for small-to-medium sized gear reducers, precision gears for robot articulations and motors in Japan, Europe, the US and China. As a result, orders increased by 39% as compared to the previous fiscal year to finish at JPY93.3 billion, while sales increased by 19% as compared to the previous fiscal year to finish at JPY75.9 billion. Further, the segment posted operating profit of JPY2.7 billion (up 152% from the previous fiscal year).

(ii) Industrial Machinery

For the Plastic injection molding machine business, orders, sales and operating profit all increased due to a rise in demand in China for electrical and electronics-related products and high demand from Europe and the US. For other machine models, orders increased due to a rise in demand for semiconductor-related products, but both sales and operating profit decreased because there were less backlogs of orders for semiconductor-related products than in the previous year. As a result, orders increased by 64% as compared to the previous fiscal year to finish at JPY133.3 billion, sales came to JPY106.9 billion, up 11% from the previous fiscal year, and operating profit was JPY8.8 billion, almost unchanged from the previous fiscal year.

(iii) Logistics & Construction

With regard to the hydraulic excavator business, orders, sales and operating profit all increased because the Japanese and Chinese markets were strong and demand was recovering in the North America region. Turning to other businesses, the mobile crane business saw increases in all of orders, sales and operating profit as demand was recovering in Japan and the North America region. However, in the material handling machinery business, all of orders, sales and operating profit decreased due partly to a delay in recovery of demand related to shipbuilding and steel products. As a result of the above, orders across the segment increased by 45% as compared to the previous fiscal year to finish at JPY191.5 billion, while sales increased by 18% as compared to the previous fiscal year to finish at JPY167.3 billion. The segment posted an operating profit of JPY9.5 billion, a 30% increase as compared to the previous fiscal year.

(iv) Energy & Lifelines

Orders in the energy plant business decreased in the current fiscal year under review partly because orders were received for large-scale projects for biomass-fueled power generation plants in the previous year, and both sales and operating profit increased due primarily to a backlog of orders in Japan. For other businesses, orders for ships and other products increased but their sales and operating profit decreased. As a result of the above, orders across the segment decreased by 22% as compared to the previous fiscal year to finish at JPY68.0 billion, while sales increased by 7% as compared to the previous fiscal year to finish at JPY93.1 billion. The segment posted an operating profit of JPY5.2 billion, a 75% increase as compared to the previous fiscal year.

(v) Others

Orders increased by 20% to JPY3.3 billion, sales decreased by 7% to JPY2.9 billion, and operating profit increased by 32% to JPY1.3 billion from the previous fiscal year, respectively.

2. Explanation of the Group's Consolidated Financial Position

1. Condition of Assets, Liabilities, and Net Assets

Total assets at the end of the second quarter of the current consolidated fiscal year under review (ended September 30, 2021) amounted to JPY1,045.0 billion, an increase of JPY14.3 billion as compared to the end of the previous consolidated fiscal year. This was mainly due to increases of JPY15.2 billion and JPY11.6 billion in inventory assets and tangible fixed assets, respectively, as compared to the end of the previous consolidated fiscal year, while notes and accounts receivable - trade and contract assets decreased by JPY16.5 billion.

Total liabilities declined to JPY513.9 billion, a decrease of JPY11.9 billion as compared to the end of the previous consolidated fiscal year. This was partly because interest-bearing liabilities decreased by JPY14.9 billion.

Net assets amounted to JPY531.1 billion, an increase of JPY26.2 billion as compared to the end of the previous consolidated fiscal year. This was because retained earnings increased by JPY10.7 billion, while foreign currency translation adjustments increased by JPY15.7 billion.

As a result of the above, the shareholders' equity ratio increased by 1.8 points from the end of the previous consolidated fiscal year to finish at 49.5%.

2. Cash Flow Condition

Cash and cash equivalents at the end of the second quarter of the current consolidated fiscal year under review came to JPY95.7 billion, a decrease of JPY0.6 billion from the end of the previous consolidated fiscal year. Cash flows for the six months ended September 30, 2021 and the factors contributing to increases or decreases in cash flows are as follows.

(Cash Flow from Operating Activities)

Cash flow from operating activities increased by JPY44.8 billion during the six months ended September 30, 2021 and

increased by JPY24.9 billion from the same period of the previous fiscal year. This is partly because a decrease in trade payables slowed down and quarterly profit before income taxes increased.

(Cash Flow from Investing Activities)

Cash flow from investing activities decreased by JPY24.9 billion during the six months ended September 30, 2021 and cash outflow increased by JPY0.9 billion from the same period of the previous fiscal year. This is partly attributable to an increase in expenses for acquiring fixed assets.

(Cash Flow from Financing Activities)

Cash flow from financing activities decreased by JPY23.9 billion during the six months ended September 30, 2021 and cash outflow increased by JPY35.9 billion from the same period of the previous fiscal year. The main reason for the cash outflow was a decrease in interest-bearing debts.

3. Explanation of the Consolidated Earnings Forecast and Other Forward-Looking Estimates

The consolidated earnings forecast for the fiscal year ending March 31, 2022 that was announced in the financial report dated May 10, 2021 has been revised as follows.

(Full fiscal year ending March 31, 2022)

(Units: millions of yen)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Profit attributable to owners of parent ratio (yen)
Previous forecast (A)	870,000	50,000	46,000	27,000	220.39
Revised forecast (B)	950,000	60,000	57,000	34,000	277.54
Difference (B-A)	80,000	10,000	11,000	7,000	—
% Change	9.2	20.0	23.9	25.9	—
(Reference) Results for previous fiscal year	849,065	51,342	49,544	26,764	218.46

Because demand mainly for mass-produced machinery is increasing due to the capital investment recovery trend across the world, we have decided to revise upward the consolidated earnings forecast for the fiscal year ending March 31, 2022 that was announced on May 10, 2021 with regard to net sales, operating profit, ordinary profit and profit attributable to owners of parent. In addition, regarding major exchange rates in and after the third quarter of the current consolidated fiscal year, we assume JPY110 per US dollar and JPY130 per euro.

II. Quarterly Consolidated Financial Statements and Key Explanatory Notes

1. Quarterly Consolidated Balance Sheets

(Units: millions of yen)

	End of Full Year As of March 31, 2021	End of Second Quarter As of September 30, 2021
	Amount	Amount
Assets		
Current assets		
Cash and deposits	99,518	99,079
Notes and accounts receivable	282,928	—
Notes and accounts receivable - trade and contract assets	—	266,463
Inventory assets	200,155	215,362
Other	34,276	33,992
Allowance for doubtful accounts	(3,258)	(3,614)
Total current assets	613,620	611,282
Fixed assets		
Tangible fixed assets		
Land	108,305	108,622
Other (net)	167,499	178,814
Total tangible fixed assets	275,804	287,436
Intangible fixed assets		
Goodwill	29,364	31,973
Other	47,432	48,210
Total intangible fixed assets	76,796	80,183
Investments and other assets		
Other	68,021	69,992
Allowance for doubtful accounts	(3,556)	(3,898)
Total investments and other assets	64,465	66,094
Total Fixed assets	417,064	433,713
Total assets	1,030,684	1,044,996

(Units: millions of yen)

	End of Full Year As of March 31, 2021	End of Second Quarter As of September 30, 2021
	Amount	Amount
Liabilities		
Current liabilities		
Notes and accounts payable - trade	160,260	163,374
Short-term loans payable	31,698	22,122
Current portion of long-term loans payable	3,270	6,441
Provision for construction warranties	18,192	16,508
Other provision amount	2,857	3,317
Other	124,885	122,052
Total current liabilities	341,162	333,814
Fixed Liabilities		
Bonds payable	50,000	50,000
Long-term debt due after one year	39,471	30,960
Allowance	151	154
Defined benefit liability	51,662	53,811
Deferred income taxes on revaluation	20,437	20,434
Other	22,873	24,706
Total non-current liabilities	184,594	180,066
Total liabilities	525,756	513,879
Net assets		
Shareholders' equity		
Capital stock	30,872	30,872
Capital surplus	26,071	26,071
Retained earnings	390,336	401,051
Treasury shares	(1,100)	(1,115)
Total Shareholders' equity	446,179	456,879
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,030	5,149
Deferred gains or losses on hedges	(834)	(850)
Revaluation reserve for land	40,342	40,442
Foreign currency translation adjustments	1,016	16,714

	End of Full Year As of March 31, 2021	End of Second Quarter As of September 30, 2021
	Amount	Amount
Remeasurements of defined benefit plans	(1,035)	(1,575)
Total accumulated other comprehensive income	44,518	59,880
Non-controlling interests	14,230	14,358
Total net assets	504,928	531,116
Total liabilities and net assets	1,030,684	1,044,996

2. Quarterly Consolidated Income Statements and Quarterly Consolidated Statement of Comprehensive Income

Quarterly Consolidated Income Statements

Three months ended September 30, 2020

(Units: millions of yen)

	Previous Second Quarter April 1, 2020 to September 30, 2020	Present Second Quarter April 1, 2021 to September 30, 2021
	Amount	Amount
Net sales	391,701	446,037
Cost of sales	305,395	346,937
Gross income	86,306	99,101
Selling, general and administrative expenses	65,142	71,636
Operating profit	21,163	27,464
Non-operating profit		
Interest income	434	362
Dividend income	195	256
Other	848	1,842
Total non-operating profit	1,478	2,460
Non-operating expenses		
Interest expenses	523	379
Foreign exchange losses	753	69
Patent-related expenses	469	543
Other	1,768	1,704
Total non-operating expenses	3,513	2,695
Ordinary profit	19,128	27,230
Extraordinary losses		
Impairment loss	—	261
Total extraordinary losses	—	261
Profit before income taxes	19,128	26,969
Income taxes	7,388	8,905
Profit	11,740	18,064
Profit attributable to no-controlling interests	874	351
Profit attributable to owners of parent	10,866	17,713

Quarterly Consolidated Statement of Comprehensive Income
Three months ended September 30, 2020

(Units: millions of yen)

	Previous Second Quarter April 1, 2020 to September 30, 2020	Present Second Quarter April 1, 2021 to September 30, 2021
	Amount	Amount
Profit	11,740	18,064
Other comprehensive income		
Valuation difference on available-for-sale securities	946	116
Deferred gains or losses on hedges	329	(13)
Foreign currency translation adjustments	(6,839)	16,263
Adjustment to retirement benefits	186	(546)
Share of other comprehensive income of entities accounted for using equity method	5	6
Total other comprehensive income	(5,373)	15,826
Comprehensive income	6,367	33,889
(Breakdown)		
Quarterly comprehensive income attributable to owners of parent	5,687	32,975
Quarterly comprehensive income attributable to non-controlling interests	680	914

3. Items of Special Note Concerning the Quarterly Consolidated Financial Statements

(Significant Events or Conditions that Question the Premise of a Going Concern)

There are no applicable items.

(Notes regarding Significant Fluctuations to Shareholders' Equity)

There are no applicable items.

(Application of Accounting Procedures Specific to Preparation of Quarterly Consolidated Financial Statements)

(Calculation of tax expenses)

The effective tax rate expected to be imposed on pretax profit (after tax effect accounting) applicable to the consolidated fiscal year in which the second quarter of the current consolidated fiscal year under review is included was estimated based on reasonable assumptions, and tax expenses were calculated by multiplying the quarterly pretax profit by the estimated effective tax rate.

(Changes to Accounting Policies)

(Application of the Accounting Standard for Revenue Recognition)

The Accounting Standard for Revenue Recognition (ASBJ Statement No. 29 of March 31, 2020; hereinafter referred to as the "Accounting Standard for Revenue Recognition"), etc. has been applied since the beginning of the first quarter of the current consolidated fiscal year under review. Due to this, when promised goods or services are transferred to customers, revenue is to be recognized in an amount which we expect to receive in exchange for those goods or services.

Sales incentives and late payment charges arising in the course of performance of contracts were previously recorded as "cost of goods sold," "selling, general and administrative expenses" or "non-operating expenses" but as a result of the application mentioned above, we have changed the method so that those incentives and charges are deducted from sales and are recognized as variable consideration or consideration paid to customers, taking into account the actual state of transactions.

Furthermore, previously, the percentage-of-the-completion method was applied to construction contracts for which outcomes for a portion completed are deemed certain and the completed-contract method was applied to other construction contracts. However, we have changed the methods so that with regard to obligations that are fulfilled over a certain period, the progress of work related to fulfillment of the obligations is estimated and revenue is recognized based on such estimate of the progress over that certain period. In the case of obligations that are not fulfilled over a certain period, revenue is recognized when obligations are fully fulfilled with such obligations deemed to be fulfilled at a certain point in time.

The application of the Accounting Standard for Revenue Recognition, etc. is subject to the transitional treatment set forth in the proviso to Paragraph 84 of the Accounting Standard for Revenue Recognition. The cumulative effect of retrospectively applying the new accounting policy to periods prior to the beginning of the first quarter of the current consolidated fiscal year under review was added to or subtracted from the beginning balance of retained earnings for the first quarter of the current consolidated fiscal year under review, and thus the new accounting policy was applied from such beginning balance. However, the new accounting policy was not retrospectively applied to contracts where almost all amounts of revenue for periods prior to the beginning of the first quarter of the current consolidated fiscal year under review were recognized in accordance with the previous treatment, by applying the method set forth in Paragraph 86 of the

Accounting Standard for Revenue Recognition.

The effect of this change on profits and losses and the beginning balance of retained earnings for the second quarter of the current consolidated fiscal year under review is minor.

Due to the application of the Accounting Standard for Revenue Recognition, etc., “Notes and accounts receivable - trade” which were included in “Current assets” in the consolidated balance sheets for the previous consolidated fiscal year, are included in “Notes and accounts receivable - trade and contract assets” from the first quarter of the current consolidated fiscal year under review. In accordance with the transitional treatment set forth in Article 89-2 of the Accounting Standard for Revenue Recognition, figures for the previous consolidated fiscal year have not been restated in accordance with the new approach to presentation.

(Application of the Accounting Standard for Fair Value Measurement)

The Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30 of July 4, 2019; hereinafter referred to as the “Accounting Standard for Fair Value Measurement”), etc. has been applied since the beginning of the first quarter of the current consolidated fiscal year under review. In accordance with the transitional treatment set forth in Paragraph 19 of the Accounting Standard for Fair Value Measurement and Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10 of July 4, 2019), the new accounting policy set forth in the Accounting Standard for Fair Value Measurement, etc. is to be applied going forward. Note that this change has no effect on financial statements for the second quarter of the current consolidated fiscal year under review.

(Subsequent Events of Significant Importance)

There are no applicable items.

III. Supplemental Information

1. Orders Received, Sales, Balance of Orders Received, and Operating Profit/loss by Segment

As described in “I. 1. Explanation of Business Performance,” the reporting segments have been changed since the fiscal year ending March 31, 2022.

(1) Orders Received

(Units: millions of yen)

Segment	April 1, 2020 to September 30, 2020	April 1, 2021 to September 30, 2021	Y/Y Change	
	Amount	Amount	Amount	%
Mechatronics	67,376	93,325	25,949	38.5
Industrial Machinery	81,095	133,273	52,178	64.3
Logistics & Construction	132,457	191,493	59,036	44.6
Energy & Lifelines	87,036	68,021	(19,015)	(21.8)
Others	2,792	3,346	554	19.8
Total	370,757	489,458	118,701	32.0

(2) Sales and operating profit/loss

(Units: millions of yen)

Segment	April 1, 2020 to September 30, 2020		April 1, 2021 to September 30, 2021		Y/Y Change	
	Sales	Operating profit/loss	Sales	Operating profit/loss	Sales	Operating profit/loss
Mechatronics	63,671	1,057	75,854	2,663	12,183	1,607
Industrial Machinery	96,574	8,870	106,865	8,827	10,291	(43)
Logistics & Construction	141,283	7,291	167,327	9,486	26,044	2,195
Energy & Lifelines	87,065	2,966	93,115	5,191	6,050	2,226
Others	3,108	1,033	2,876	1,233	(232)	200
Adjustment	—	(53)	—	64	—	117
Total	391,701	21,163	446,037	27,464	54,336	6,301

(3) Balance of Orders Received

(Units: millions of yen)

Segment	End of Full Year As of March 31, 2021	April 1, 2021 to September 30, 2021	Y/Y Change	
	Amount	Amount	Amount	%
Mechatronics	47,447	64,918	17,471	36.8
Industrial Machinery	85,157	111,566	26,408	31.0
Logistics & Construction	124,981	149,146	24,165	19.3
Energy & Lifelines	275,445	250,351	(25,094)	(9.1)
Others	1,120	1,590	470	42.0
Total	534,151	577,571	43,420	8.1

Business segments of the Company are categorized as follows.

Businesses	Main Products
Mechatronics	Power transmission, control equipment, motors, inverters, laser processing systems, precision positioning equipment, control components
Industrial Machinery	Plastics machinery, film forming machines, cryogenic equipment, precision forgings, semiconductor production equipment, ion accelerators, medical machines and equipment, forging press machines, machining tools, air-conditioning equipment, defense equipment
Logistics & Construction	Hydraulic excavators, mobile cranes, road machinery, material handling systems, logistics systems, automated parking systems
Energy & Lifelines	Private power generation facilities, boilers, air pollution control equipment, water and sewage treatment systems, industrial waste treatment facilities, turbines, pumps, process equipment, pressure vessels, mixing vessels, food processing machinery, ship

2. (Summary) Quarterly Consolidated Cash Flows Statement

(Units: millions of yen)

	Previous Second Quarter April 1, 2020 to September 30, 2020	Present Second Quarter April 1, 2021 to September 30, 2021	Y/Y Change
Profit before income taxes	19,128	26,969	7,841
Depreciation	14,815	15,240	424
(Increase) decrease in notes and accounts receivable	14,856	23,109	8,253
(Increase) decrease in inventories	(10,267)	(10,649)	(381)
Increase (decrease) in notes and accounts payable - trade	(14,482)	(2,903)	11,579
Payments for income taxes	(7,487)	(9,849)	(2,362)
Other	3,357	2,859	(497)
Cash flows from operating activities	19,920	44,776	24,856
Purchase of fixed assets	(19,508)	(21,862)	(2,354)
Other	(4,524)	(3,052)	1,471
Cash flows from investing activities	(24,032)	(24,915)	(883)
Increase (decrease) in loans payable	17,929	(16,471)	(34,400)
Cash dividends paid	(4,291)	(6,853)	(2,562)
Other	(1,671)	(599)	1,072
Cash flows from financing activities	11,967	(23,922)	(35,889)
Other	(819)	3,497	4,316
Cash and cash equivalents at beginning of year	83,630	96,242	12,612
Cash and cash equivalents at end of quarter	90,666	95,678	5,012