

Financial Flash Report for the Fiscal Year Ended March 31, 2015

Company name: EIKEN CHEMICAL CO., LTD. Listing: TSE, First Section
 Securities code: 4549 URL: <http://www.eiken.co.jp/en/>
 Representative: Morifumi, President & CEO
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 Scheduled date of Ordinary General Meeting of Shareholders: June 23, 2015
 Scheduled date of dividend payment: June 4, 2015
 Scheduled date of filing of Annual Securities Report: June 24, 2015

(Millions of yen rounded down)

1. Consolidated Performance for the Fiscal Year Ended March 31, 2014(April 1, 2014 to March 31, 2015)

(1) Consolidated Operating Results

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

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended March 2015	31,014	3.3	2,826	(6.0)	3,013	(2.6)	2,100	5.8
Fiscal year ended March 2014	30,027	4.8	3,008	18.1	3,095	10.0	1,984	(19.1)

(Note) Comprehensive income: As of March 31, 2015: 2,742million yen. (43.6%) As of March 31, 2014: 1,910million yen. (31.5%)

	Net income per share	Diluted net income per share	ROE	Ordinary income to total assets	Operating income to net sales
	Yen	Yen	%	%	%
Fiscal year ended March 2015	115.13	113.85	8.3	8.1	9.1
Fiscal year ended March 2014	109.13	107.84	8.3	8.7	10.0

(Reference) Investment profit or loss on equity method: March 2015: —million yen. March 2014: —million yen.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2015	37,895	26,639	69.8	1,448.81
As of March 31, 2014	36,395	24,278	66.2	1,323.98

(Reference) Shareholders' equity: As of March 31, 2015: 26,449million yen. As of March 31, 2014: 24,086million yen.

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of the period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended March 2015	3,393	(6,652)	(1,107)	6,577
Fiscal year ended March 2014	3,410	(779)	(1,268)	10,940

2. Dividends

	Dividends per share					Total dividends (annual)	Payout ratio (Consolidated)	Dividend on equity (Consolidated)
	End of 1Q	End of 2Q	End of 3Q	End of 4Q	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 2014	—	15.00	—	20.00	35.00	636	32.1	2.7
Fiscal year ended March 2015	—	17.00	—	18.00	35.00	638	30.4	2.5
Fiscal year ending March 2016 (Forecast)	—	20.00	—	20.00	40.00		33.5	

3. Forecasts of Consolidated Performance for the Fiscal Year Ending March 31, 2016

(April 1, 2015 to March 31, 2016)

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

	Net sales		Operating income		Ordinary income		Net income attributable to shareholders of parent company		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half	16,830	6.4	1,920	3.5	1,940	(0.8)	1,350	(0.0)	73.95
Full year	32,820	5.8	3,330	17.8	3,350	11.2	2,180	3.8	119.41

4. Others

(1) Changes in important subsidiaries during the period (Specified subsidiaries accompanying changes in scope of consolidation): No

(2) Changes in accounting policies, Changes in accounting estimates, Restatements

(1) Changes in accounting policies due to revisions to accounting standards, etc.: Yes

(2) Other changes in accounting policies : No

(3) Changes in accounting estimates: No

(4) Restatements: No

(3) Number of outstanding shares (common stocks)

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

As of March 31, 2015: 21,770,719 shares

As of March 31, 2014: 21,770,719 shares

2) Number of treasury stock at term-end

As of March 31, 2015: 3,514,679 shares

As of March 31, 2014: 3,578,069 shares

3) Average number of shares outstanding during the period

As of March 31, 2015: 18,242,761 shares

As of March 31, 2014: 18,189,633 shares

【Reference】Non-consolidated Financial Summaries

1. Non-Consolidated Performance for the Year Ended March 31, 2015

(April 1, 2014 to March 31, 2015)

(1) Non-Consolidated Operating Results

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

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended March 2015	30,984	3.2	2,904	(3.5)	3,014	(1.8)	2,101	7.3
Fiscal year ended March 2014	30,026	4.9	3,011	16.9	3,069	11.1	1,959	(18.4)

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended March 2015	115.22	113.93
Fiscal year ended March 2014	107.73	106.46

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2015	38,189	26,925	70.0	1,464.47
As of March 31, 2014	36,373	25,179	68.7	1,373.55

(Reference)

Shareholders' equity: As of March 31, 2015: 26,735 million yen
As of March 31, 2014: 24,988 million yen

3. Forecasts of Non-Consolidated Performance for the Fiscal Year Ending March 31, 2016

(April 1, 2015 to March 31, 2016)

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

	Net sales		Operating income		Ordinary income		Net income attributable to shareholders of parent company		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half	16,800	6.3	1,960	3.7	1,960	0.1	1,370	1.2	75.04
Full year	32,750	5.7	3,380	16.4	3,380	12.1	2,210	5.1	121.06

* Indication regarding the implementation status of the audit procedures

This financial flash report is not the subject of the audit procedures based on the Financial Instruments and Exchange Act, and at the point in time when this financial flash report was disclosed, the audit procedures for financial statements based on the Financial Instruments and Exchange Act had not been completed.

* Explanations for the appropriate use of earnings forecast, and remarks

1. The above earnings forecast is based on the information that was available as of the release date of this document. The actual business performance may differ from the forecast due to various factors. Please refer to page 2 "1. Operating Results, (1) Analysis of operating results" for further information concerning these projections.

1. Operating results

(1) Analysis of operating results

The economy of Japan during the consolidated fiscal year under review continued toward a mild recovery due to improvements in the export environment and higher corporate earnings amid the effects of government and Bank of Japan economic and monetary easing policies and favorable conditions in the U.S. economy. However, consumer spending slowed due to the impact of lower real income levels and higher prices caused by the consumption tax increase. In terms of the outlook on the future of the economy, deep-seated concerns warrant the adoption of a cautious position.

In the clinical diagnostics industry, companies were required to seek further management efficiencies and rationalization, and to actively expand overseas operations due to ongoing challenges in the business environment. These included the rebound from the last minute surge in demand ahead of the consumption tax hike and the adjustment of fees for performing laboratory tests, part of the revision of health care fees for FY2014. Approximately 250 items were reduced, resulting in a 1.4% decrease in overall laboratory test fees.

Under this business environment, in line with our new management framework, "EIKEN ROAD MAP 2009", the EIKEN group (the "Group") has been striving to increase the market share of our major products in Japan and to develop and launch new products as well as to drive forward the globalization of the Group as a whole, which includes accelerating the overseas market development of fecal occult blood diagnostic reagents, and developing a global market for genetic screening (LAMP method) products and licenses.

As a result of these conditions, sales in Japan were up slightly as sales overseas soared. In the consolidated fiscal year under review, net sales were 31,014 million yen (up 3.3% year-to-year).

Net sales by classes and types of products is as follows:

Regarding immunological and serological reagents, despite lower sales of AIA-related reagents introduced and sold by the Tosoh Corporation, sales of immunochemical fecal occult blood test reagents increased in Japan and overseas. In addition, sales of stomach health evaluation (ABC classification) testing (helicobacter pylori and pepsinogen testing) reagents increased, resulting in net sales of 17,427 million yen (up 6.1% year-on-year). With respect to reagents for general test, although sales of "URO PAPER III 'Eiken'," primarily used for visual observation, decreased, sales of "URO PAPER α III 'Eiken,'" a dedicated test strip for fully automated urine analysis, rose to match the previous year's level to 2,135 million yen (up 0.1% year-on-year) in Japan and overseas. At the same time, intensifying price competitiveness drove down sales of microbiological reagents, which were 4,654 million yen (down 1.9% year-on-year), clinical chemistry reagents, which amounted to 658 million yen (down 4.1% year-on-year), and sales of equipment, and food- and environment-related culture media, which declined to 2,324 million yen (down 1.1% year-on-year). In the other category (medical devices, genetic related products, etc.), sales of medical devices increased in Japan and overseas. Also, sales of reagents for tuberculosis testing and other genetic test reagents grew in Japan, resulting in category sales amounting to 3,814 million yen (up 3.5% year-on-year).

Sales of fecal occult blood test reagents increased in America, Europe and Asia; resulting in overseas sales of 2,704 million yen (up 34.1% year-on-year).

Turning to profit, despite efforts to reduce the manufacturing cost ratio of our in-house products and make more efficient use of expenses, research and development expenses increased, resulting in operating income of 2,826 million yen (down 6.0% year-on-year) and ordinary income of 3,013 million yen (down 2.6% year-on-year). Net income was 2,100 million yen (up 5.8% year-on-year) due to tax reforms in 2014 resulting in lower corporate taxes.

Vision of the next fiscal year ending March 31, 2016

The Japanese economy in the next fiscal year is expected to remain unchanged, as deep-seated concerns among corporations continue to warrant caution. In the clinical diagnostics industry, we do not anticipate further revisions to health care fees; nevertheless, we expect the business environment to remain challenging due to the national government's policies for holding down medical costs, responses to increased competition and diversifying customer needs and the rising cost of raw materials and resources due to the weakening yen. As such, we expect companies to increase cost competitiveness and continue actively expanding overseas.

Within this business environment, based on policies defined in our new management framework, "EIKEN ROAD MAP 2009," the Group will strive to increase sales of major products in the Japanese market. Overseas, we will expand sales of fecal occult blood test reagents and devices in line with the expansion of screening tests for colon cancer, develop global markets for genetic screening (LAMP method) products and licenses, and promote new product development using new technologies with the aim of realizing the entire Group as the Global Company "EIKEN."

We forecast net sales of 32,820 million yen (increase of 5.8% year-on-year basis) for the next fiscal year. We forecast operating income of 3,330 million yen (increase of 17.8% year-on-year basis) due to a significant increase in experimental research costs, ordinary income of 3,350 million yen (increase of 11.2% year-on-year basis), and net income for the fiscal year of 2,180 million yen (increase of 3.8% year-on-year basis).

Furthermore, we forecast net sales to overseas of 3,860 million yen (increase of 42.7% year-on-year basis).

(2) Analysis regarding financial situation

① Capital, liabilities, and net assets

The financial position at the end of the fiscal year (consolidated) under review was as follows.

When compared to the end of the previous consolidated fiscal year, total assets increased by 1,500 million yen, liabilities decreased by 861 million yen and net assets increased by 2,361 million yen.

Our equity ratio increased to 69.8% compared to 66.2% at the end of the previous consolidated fiscal year.

Major increases and decreases in the category of assets were a decrease of 1,442 million yen in cash and deposits, increases of 514 million yen in notes and accounts receivable and 2,400 million yen long-term time deposits. In the category of liabilities, notes and accounts payable (including electronically recorded credits) increased 185 million yen due to an increase in the purchase of stock, the current portion of long-term loans payable decreased 270 million yen as the result of repayments and net defined benefit liabilities decreased 942 million yen. In the category of net assets, despite payment of dividends, retained earnings increased 1,660 million yen due to the amendment of accounting standards for retirement benefits and the posting of full-year net income, and an increase in remeasurements of defined benefit plans amounted to 457 million yen.

② Cash flows

Cash and cash equivalents on a consolidated base for the fiscal year (consolidated) under review (hereinafter referred to as “net cash”) decreased by 4,362 million yen compared to the end of the previous fiscal year (consolidated), reaching 6,577 million yen at the end of the fiscal year (consolidated) under review.

The following is a summary of cash flows and related causes for the fiscal year (consolidated) under review.

(Cash flows from operating activities)

Net cash provided by operating activities increased by 3,393 million yen (compared to the net cash increase of 3,410 million yen a year earlier). This was primarily due to a decrease of 218 million yen resulting from a decline in liabilities associated with retirement benefits, an increase of 504 million yen due to increased notes and accounts receivable-trade and 3,004 million yen in pretax profit for the fiscal year under review.

(Cash flows from investing activities)

Net cash used in investing activities decreased by 6,652 million yen (compared to the net cash decrease of 779 million yen a year earlier). This was primarily due to expenses for deposits in time deposits of 583 million yen, expenses for the acquisition of property, plant and equipment due to capital investment in production facilities, etc., of 1,048 million yen.

(Cash flows from financing activities)

Net cash used in financing activities decreased by 1,107 million yen (compared to the net cash decrease of 1,268 million yen a year earlier). This was mainly due to dividends paid of 674 million yen and expenditures of 270 million yen for the repayment of long-term loans payable.

(Reference) Trend of indicators related to cash flow

	FY3/11	FY3/12	FY3/13	FY3/14	FY3/15
Equity capital ratio (%)	62.3	64.4	67.0	66.2	69.8
Equity capital ratio based on the market value (%)	54.0	61.0	68.5	89.6	94.9
Interest-bearing debt to cash flow ratio (year)	0.8	0.9	0.5	0.2	0.1
Interest coverage ratio (times)	184.3	70.8	109.2	250.2	375.8

Equity capital ratio: equity capital/total asset

Equity capital ratio based on the market value: total value of shares/total asset

Interest-bearing debt to cash flow ratio: interest-bearing ratio /cash flow

Interest coverage ratio: cash flow/interest payment

(Note 1) All are calculated using the consolidated finance-based figure.

(Note 2) The total value of shares is calculated based on the number of issued shares except for treasury share.

(Note 3) The sales cash flow is used to calculate the operating cash flow.

(Note 4) The interest-bearing deficit includes all interesting bearing deficits on the consolidated balance sheet.

(3) Policy regarding profit sharing & dividends for the fiscal year under review and next fiscal year

Regarding the redistribution of profits to shareholders as one of the issues of the utmost importance for the management, EIKEN CHEMICAL shall operate on the fundament of the basic policy of implementing stable dividend payout policy that fully takes into consideration reinforcement of the financial standing, reserving sufficient retained profit necessary for active enterprise expansion, and performing distribution of dividends from surplus twice a year as interim dividend and year-end dividend. Specifically, this distribution shall be based on the aforementioned policy and we shall aim at the consolidated dividend payout ratio of 30% or more. The organization with authority to determine the details of dividends from surpluses is stated in the articles of association as follows: "Decisions on dividends from surplus, etc. can be made by the resolution of the board of directors based on the provisions of Company Law, Section (459) (1)."

We will respond to the term-end dividend of 18 yen per share.

Our company has already paid an interim dividend of 17 yen per share on December 2nd, 2014, resulting in an annual dividend of 35 yen per share.

Regarding the dividend per share for next fiscal year, we plan to issue an interim dividend of 20 yen and a term-end dividend of 20 yen as dividends on common stock.

The usage of the internal reserve shall be determined from a medium- and long-term viewpoint and used effectively for investments in research and development, capital investment, and improvement in operating efficiency aiming at further reinforcement of the management base.

(4) Risk of our business

The followings are the major risks that might affect the EIKEN Group's financial situation and operating results. We are aware of these risks and strive to avoid them. If we do encounter these risks, we will promptly and adequately respond to them.

Please note that there are various risks that might give an adverse impact on our financial situation and operating results at present and in the future. The following risks are determined as of the end of the current consolidated fiscal year, and do not encompass all the risks of the Group.

1) Lowering medical fee policy

The Japanese government has been undertaking a drastic reform of medical systems and lowering the pharmaceutical prices and testing fees once in two years as part of the medical fee controlling policy.

If this lowering medical fee policy is carried out continuously, there is a possibility that it might give an adverse impact on the Group's financial situation and operating results.

2) Development and sales competition among corporations

The Group has been working on research and development quickly and efficiently as well as developing new products and improving existing products. The development race in conjunction with technology advancement in the clinical diagnostics industry is intensifying, and there is continuous development and sales competition against the other companies' products. As a result, the competition might have an adverse impact on the Group's financial situation and operating results.

3) Quality issue

The Group is manufacturing our products under the strict quality control within the framework of the regulations related to the Pharmaceutical Affairs Act and quality management system. However, there is no guarantee that all products will not have any quality issues. If a serious quality issue occurs, we may take a measure of recalling the product. That might result in the decline in sales and increase in the cost, and eventually might have an adverse impact on the Group's financial situation and operating results.

4) Critical law suit

If the Group is sued against issues related to product liability, labor, intellectual property, trading, or others in Japan and overseas, it might give an adverse impact on the Group's financial situation and operating results.

5) IT systems and personal information

The Group is using various IT systems. Our business may be disturbed if we encounter a system failure due to disasters etc. Furthermore, we maintain various types of personal information for our business. Leaking the information due to unforeseen circumstances may cause law suit and loss of social credibility; thus it might give an adverse impact on the Group's financial situation and operating results.

6) Halting operation of factory

If a disaster such as fire, earthquake or serious facility accident occurs, some technical issues arise, or the supply of the raw materials stops, the factory and our subcontractor manufacturing may stop its operation or its operation may be limited; thus it might have an adverse impact on the Group's financial situation and operating results.

7) Overseas business expansion

The Group is expanding our sales activity in the North America, Europe, and Asia. Furthermore, we also established an overseas subsidiary in China mainly to manufacture and sell reagents in September, 2004. This kind of global

businesses may involve risks of unexpected changes of laws and regulations, political instability or economic factors, drastic change of exchange rate, or social confusion arising from war/terrorism/turmoil/epidemic and other factors. When such an incidence occurs, we may receive an adverse impact on the Group's financial situation and operating results.

8) Intellectual property right

The product of the Group is protected by patent rights and utility model rights for a certain period of time. We strictly manage our intellectual property right including patent rights and utility model rights and always monitor our products to protect their rights from a third party or not to violate third party's intellectual rights by our products. However, if our intellectual property rights are violated by a third party, or if our products violate a third party's intellectual property rights, we may receive an adverse impact on the Group's financial situation and operating results.

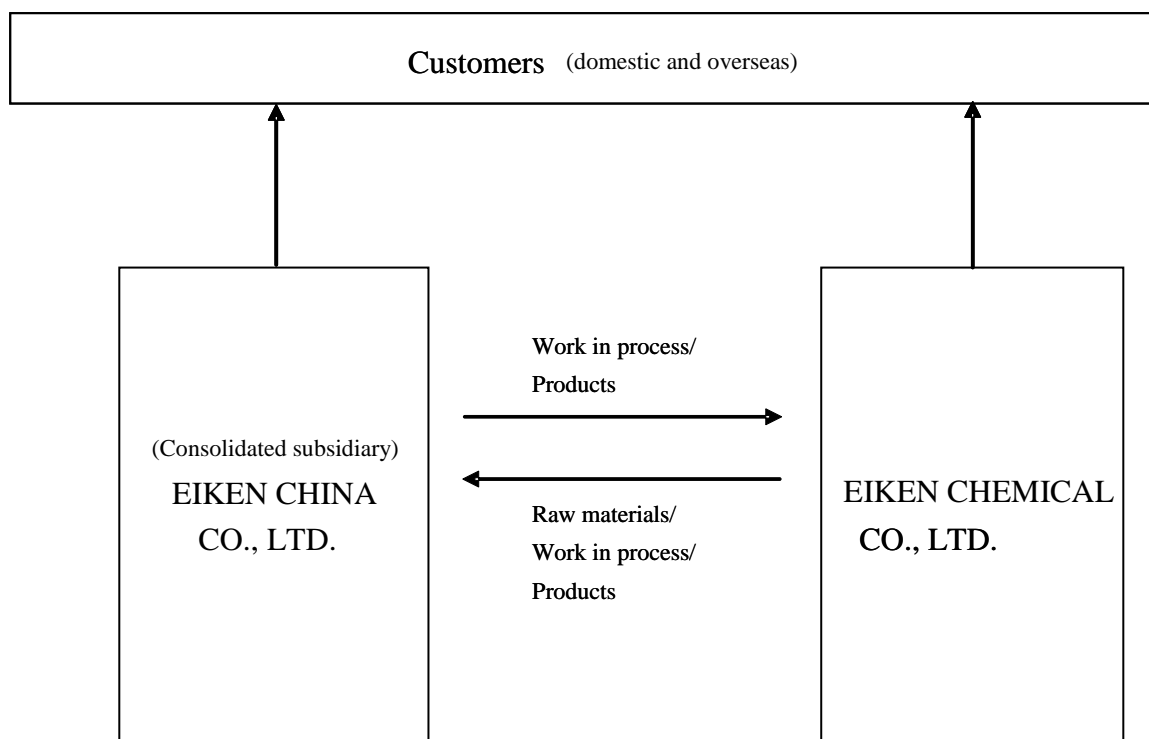
On a different topic, the United States Food and Drug Administration (FDA) issued a warning letter to our company dated March 13th, 2013. The letter requested correction of inadequate response to US laws and regulations, as well as correction of our quality control system. Our company immediately reconstructed our quality system and began operation of the new system. We underwent re-inspection by the FDA from April 21st to 24th, 2014. There were no special observations and closed the warning letter in September, 2014.

2. Situation of the EIKEN Group

The EIKEN Group is composed of us (EIKEN CHEMICAL CO., LTD.) and a consolidated subsidiary (EIKEN CHINA CO., LTD.).

Our main business is to manufacture and sell reagents.

[Business structure]



3. Management principle

(1) Basic principle of company management

The EIKEN Group's management philosophy is "We protect the health of the public through health care services". Under this philosophy, we set up the following management vision; "The EIKEN group is dedicated to leveraging expertise as a medical testing pioneer in order to increase corporate value by protecting the health of the public with products and services that customers can trust." By implementing this management vision in the entire group, we will strive to continually increase corporate value, contribute to the prosperity of our client companies, and fulfill our duties to our shareholders.

(2) Target management indicators

The Group is promoting the "EIKEN ROAD MAP 2009," the new management framework formulated in March 2009 aiming to realize stable growth and improve profitability. For the immediate future, the Group aims for an overseas sales ratio of 10% or more and a management index of at least a 10% operating profit on net sales as it executes management strategy to achieve these goals.

(3) Mid- to long term management strategy

The "EIKEN ROAD MAP 2009" is a new management plan celebrating the 70 th anniversary of our founding. The year 2018 is our company's 80th anniversary, and the "EIKEN ROAD MAP 2009" sets this year as a goal. Its grand vision is "to realize the global corporation 'EIKEN' as a medical testing pioneer to protect the health of the public by 2018". Therefore, we set the "clinical diagnostics business" and "food and environment testing business" as our main business domains, and we aim at achieving steady growth and an increase in profitability in these domains. Furthermore, we are aiming at creating new businesses for future growth.

Our basic strategy is as follows;

- a) Increase the share of our own products in the domestic market
- b) Promote globalization
- c) Sophisticate the core technologies
- d) Improve productivity
- e) Establish market supremacy
- f) Create new businesses/new market
- g) Implement strategic collaboration
- h) Improve corporate brand

(4) Priority issues of the company

Based on the Management Vision and new management framework, "EIKEN ROAD MAP 2009," the Group is engaged in the following initiatives, which it recognizes as critical to the achievement of Global Company "EIKEN."

- a) Promote globalization
- b) Reinforcement of our original technologies and the development capability
- c) Improve productivity
- d) Develop human resources
- e) Practice of the social responsibility and harmony with the society

4. Consolidated Financial Statements
(1) Consolidated Balance Sheets

(Millions of yen)

	FY 2014 (As of March 31, 2014)	FY 2015 (As of March 31, 2015)
Assets		
Current assets		
Cash and deposits	11,032	9,590
Notes and accounts receivable - trade	9,242	9,756
Securities	97	—
Lease investment assets	246	225
Merchandise and finished goods	3,301	3,255
Work in process	914	920
Raw materials and supplies	733	790
Deferred tax assets	428	394
Other	583	352
Total current assets	26,579	25,285
Non-current assets		
Property, plant and equipment		
Buildings and structures	14,241	14,537
Accumulated depreciation	(10,027)	(10,286)
Buildings and structures, net	4,213	4,251
Machinery, equipment and vehicles	4,949	5,071
Accumulated depreciation	(4,067)	(4,138)
Machinery, equipment and vehicles, net	882	933
Tools, furniture and fixtures	3,170	3,270
Accumulated depreciation	(2,776)	(2,714)
Tools, furniture and fixtures, net	394	556
Land	1,006	1,006
Leased assets	711	816
Accumulated depreciation	(423)	(446)
Leased assets, net	288	370
Construction in progress	1	0
Total property, plant and equipment	6,786	7,118
Intangible assets	493	561
Investments and other assets		
Investment securities	360	443
Long-term time deposits	500	2,900
Net defined benefit asset	—	207
Deferred tax assets	570	230
Other	1,111	1,156
Allowance for doubtful accounts	(6)	(6)
Total investments and other assets	2,535	4,930
Total non-current assets	9,815	12,610
Total assets	36,395	37,895

(Millions of yen)

	FY 2014 (As of March 31, 2014)	FY 2015 (As of March 31, 2015)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	4,014	3,964
Electronically recorded obligations - operating	2,281	2,516
Current portion of long-term loans payable	270	—
Lease obligations	384	382
Income taxes payable	394	511
Provision for bonuses	669	684
Provision for sales returns	5	4
Other	1,842	1,932
Total current liabilities	9,861	9,995
Non-current liabilities		
Lease obligations	628	596
Long-term accounts payable - other	338	317
Provision for environmental measures	5	3
Asset retirement obligations	32	34
Net defined benefit liability	942	—
Other	308	308
Total non-current liabilities	2,255	1,260
Total liabilities	12,117	11,255
Net assets		
Shareholders' equity		
Capital stock	6,897	6,897
Capital surplus	7,892	7,892
Retained earnings	13,178	14,838
Treasury shares	(3,399)	(3,339)
Total shareholders' equity	24,568	26,289
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	125	150
Foreign currency translation adjustment	117	276
Remeasurements of defined benefit plans	(725)	(267)
Total accumulated other comprehensive income	(482)	160
Subscription rights to shares	191	190
Total net assets	24,278	26,639
Total liabilities and net assets	36,395	37,895

(2) Consolidated Statements of Income

(Millions of yen)

	FY 2014 (Fiscal year ended March 31, 2014)	FY 2015 (Fiscal year ended March 31, 2015)
Net sales	30,027	31,014
Cost of sales	17,650	18,147
Gross profit	12,377	12,867
Reversal of provision for sales returns	4	5
Provision for sales returns	5	4
Gross profit - net	12,376	12,868
Selling, general and administrative expenses	9,367	10,041
Operating income	3,008	2,826
Non-operating income		
Interest income	4	11
Dividend income	9	4
Rent income	18	21
Foreign exchange gains	23	74
Subsidy income	14	14
Foreign Exchange Adjustments	10	40
Other	36	46
Total non-operating income	117	213
Non-operating expenses		
Interest expenses	13	8
Commitment fee	2	2
Depreciation	11	9
Other	4	5
Total non-operating expenses	31	26
Ordinary income	3,095	3,013
Extraordinary income		
Gain on sales of non-current assets	0	1
Gain on sales of investment securities	38	—
Gain on liquidation of subsidiaries and associates	—	4
Total extraordinary income	38	5
Extraordinary losses		
Loss on sales and retirement of non-current assets	74	14
Total extraordinary losses	74	14
Income before income taxes and minority interests	3,059	3,004
Income taxes - current	1,023	938
Income taxes - deferred	51	(34)
Total income taxes	1,074	904
Income before minority interests	1,984	2,100
Minority interests in income	—	—
Net income	1,984	2,100

Consolidated statements of comprehensive income

(Millions of yen)

	FY 2014 (Fiscal year ended March 31, 2014)	FY 2015 (Fiscal year ended March 31, 2015)
Income before minority interests	1,984	2,100
Other comprehensive income		
Valuation difference on available-for-sale securities	(154)	24
Foreign currency translation adjustment	79	159
Remeasurements of defined benefit plans, net of tax	—	457
Total other comprehensive income	(74)	642
Comprehensive income	1,910	2,742
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,910	2,742
Comprehensive income attributable to minority interests	—	—

(3) Consolidated statements of changes in net assets

FY 2014(Fiscal year ended March 31, 2014)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Shareholders' equity
Balance at beginning of current period	6,897	7,892	11,832	(3,413)	23,209
Cumulative effects of changes in accounting policies					
Restated balance	6,897	7,892	11,832	(3,413)	23,209
Changes of items during period					
Dividends of surplus			(636)		(636)
Net income			1,984		1,984
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares			(2)	14	11
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	1,345	13	1,359
Balance at end of current period	6,897	7,892	13,178	(3,399)	24,568

	Accumulated other comprehensive income				Subscription rights to shares	Net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Valuation and translation adjustments		
Balance at beginning of current period	280	37	—	317	152	23,679
Cumulative effects of changes in accounting policies						
Restated balance	280	37	—	317	152	23,679
Changes of items during period						
Dividends of surplus						(636)
Net income						1,984
Purchase of treasury shares						(0)
Disposal of treasury shares						11
Net changes of items other than shareholders' equity	(154)	79	(725)	(799)	39	(760)
Total changes of items during period	(154)	79	(725)	(799)	39	598
Balance at end of current period	125	117	(725)	(482)	191	24,278

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Shareholders' equity
Balance at beginning of current period	6,897	7,892	13,178	(3,399)	24,568
Cumulative effects of changes in accounting policies			238		238
Restated balance	6,897	7,892	13,417	(3,399)	24,807
Changes of items during period					
Dividends of surplus			(674)		(674)
Net income			2,100		2,100
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares			(4)	60	55
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	1,421	60	1,481
Balance at end of current period	6,897	7,892	14,838	(3,339)	26,289

	Accumulated other comprehensive income				Subscription rights to shares	Net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Valuation and translation adjustments		
Balance at beginning of current period	125	117	(725)	(482)	191	24,278
Cumulative effects of changes in accounting policies						238
Restated balance	125	117	(725)	(482)	191	24,516
Changes of items during period						
Dividends of surplus						(674)
Net income						2,100
Purchase of treasury shares						(0)
Disposal of treasury shares						55
Net changes of items other than shareholders' equity	24	159	457	642	(0)	641
Total changes of items during period	24	159	457	642	(0)	2,123
Balance at end of current period	150	276	(267)	160	190	26,639

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	FY 2014 (Fiscal year ended March 31, 2014)	FY 2015 (Fiscal year ended March 31, 2015)
Cash flows from operating activities		
Income before income taxes and minority interests	3,059	3,004
Depreciation	1,114	1,253
Increase (decrease) in provision for sales returns	0	(0)
Increase (decrease) in provision for environmental measures	—	(1)
Increase (decrease) in provision for bonuses	14	15
Increase (decrease) in net defined benefit liability	(183)	(218)
Share-based compensation expenses	50	54
Interest and dividend income	(14)	(15)
Interest expenses	13	8
Foreign exchange losses (gains)	(19)	(36)
Loss (gain) on valuation of securities	2	(2)
Loss (gain) on sales and retirement of property, plant and equipment	73	7
Loss (gain) on sales of investment securities	(38)	—
Loss (gain) on liquidation of subsidiaries and associates	—	(4)
Decrease (increase) in notes and accounts receivable - trade	(29)	(504)
Decrease (increase) in inventories	235	(3)
Decrease (increase) in prepaid pension costs	276	—
Decrease (increase) in other current assets	16	226
Decrease (increase) in other investments	28	32
Increase (decrease) in notes and accounts payable - trade	307	183
Increase (decrease) in other current liabilities	(26)	43
Increase (decrease) in other non-current liabilities	(1)	—
Other, net	—	171
Subtotal	4,879	4,211
Interest and dividend income received	12	14
Interest expenses paid	(13)	(9)
Income taxes paid	(1,468)	(835)
Income taxes refund	0	12
Net cash provided by (used in) operating activities	3,410	3,393
Cash flows from investing activities		
Proceeds from sales and redemption of securities	—	100
Purchase of property, plant and equipment	(492)	(1,048)
Proceeds from sales of property, plant and equipment	0	4
Purchase of intangible assets	(102)	(116)
Purchase of investment securities	—	(86)
Proceeds from sales of investment securities	104	—
Payments into time deposits	(92)	(5,803)
Proceeds from withdrawal of time deposits	—	500
Other payments	(203)	(212)
Other proceeds	6	11
Net cash provided by (used in) investing activities	(779)	(6,652)

(Millions of yen)

	FY 2014 (Fiscal year ended March 31, 2014)	FY 2015 (Fiscal year ended March 31, 2015)
Cash flows from financing activities		
Repayments of long-term loans payable	(472)	(270)
Proceeds from (payments for) disposition (purchase) of treasury stock	(0)	(0)
Cash dividends paid	(636)	(674)
Other, net	(159)	(162)
Net cash provided by (used in) financing activities	(1,268)	(1,107)
Effect of exchange rate change on cash and cash equivalents	9	4
Net increase (decrease) in cash and cash equivalents	1,371	(4,362)
Cash and cash equivalents at beginning of period	9,568	10,940
Cash and cash equivalents at end of period	10,940	6,577